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The **CREDIT WORLD**

Official Publication of the National Retail Credit Association
National in Name---International in Scope

August, 1937 — Vol. XXV, No. 11

OUR NEW PRESIDENT

J. Gordon Ross of the Rochester Gas and Electric Corporation, Rochester, New York, Twenty-Fourth President of the N. R. C. A., is the first public utility man to hold that position. Flowers and congratulatory telegrams seemed to be the "order of business" when this photograph was taken.



25th



Year

A New "Pay Promptly" Campaign

Companion to the "Standard" Series

Is Your Credit Record
Holding
You
Back?

SIX NEW ADS:

"Credit—The Modern Magic Wand"

"Does 'Q. C.' Embarrass You?"

"Your Credit Record Is an Open Book"

"Do Credit Problems Haunt You?"

"Is Your Credit Record Holding you Back?"
(Shown at right)

"Friends Talk About 'Q. C.' Too!"

Remove the "ball and chain"! Start now and rebuild your credit record by paying promptly.

YOU'VE seen them! Men who gave promise of brilliant careers—men who plodded and strove, year after year—yet failed just short of success!

Held back by the "ball and chain" of a bad credit record—their efficiency impaired by worries about bills—their chances at important positions and business opportunities were blocked by the shadow of "poor credit."

Not because they had planned it that way—but because they hadn't planned the right way!

Would thou heed up
The avenues of ill?
Pay every debt as if
God wrote the bill!
—Emerson

Today's plans are the realities of tomorrow. Plan now to make your credit a help in life—not a hindrance. Use your credit as a stepping stone to better things—a foundation stone for the future—by building an "O. K." credit reputation now.

Use your credit and pay all bills promptly;
that makes—and keeps—your credit "O. K.!"



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PUBLISHER NOTE CAREFULLY: This Space Is for Local Association Signature to be Set by You.
Cut off small brackets at each outside corner of advertisement which are placed there only to indicate exact size of space.

MATS IN TWO SIZES

These ads come complete, in mats ready to hand to your newspaper, in two sizes. Prices:

8 x 12 in. \$2.00 each
4 x 6 in. \$1.25 each

Sample advertisement (in 4" x 6" size) shown at left—actual size.

Series may be used as a campaign or in conjunction with our "Standard" series of 12 ads.

If you have used the "Standard" campaign, this new campaign can be used to "follow through." **If you have not** used the "Standard" campaign, you can use both as a continuous newspaper campaign of 18 advertisements.

A new "Portfolio of Pay Promptly Advertising," showing all of the ads of the new campaign, as well as the effective advertisements of the "Standard" campaign, will be sent upon request.

NATIONAL RETAIL CREDIT ASSOCIATION
1218 OLIVE STREET
SAINT LOUIS, MO.

The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

August, 1937 Vol. XXV No. 11

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Ready Now!

1937 Proceedings of the Department Store Group Conferences

AGAIN THE PRINCIPAL ADDRESSES of the Spokane Convention and the Proceedings of the Department Store Group Meetings are being published in one ready reference volume. This gives you, in concise easy-reading form, the "gist" of the entire Convention—all for \$2.00.

THE DISCUSSIONS THIS YEAR were confined to two questions: "Is it profitable, with the proper control and a carrying charge, to sell soft merchandise on installments?" and "Are long terms on hard merchandise justified in the face of present conditions?" The Proceedings contain the latest thoughts on these two subjects—and many more.

CREDIT DEPARTMENT LETTERS are also included. The list contains 22 Sales Promotion, 38 Collection and 13 "Declining Account" Letters.

EVEN THE ANNUAL REPORTS have been added. These reports tell you about the activities of your Association during the past year—along with recommendations for the future.

WE HAVE ONLY A LIMITED SUPPLY of these Proceedings BUT your order —NOW—will reserve as many copies as you want.

Order Today!

Price--To Members, \$2.00
(To Non-Members, \$2.75)

National Retail Credit Association
1218 Olive St. St. Louis, Mo.

A Message from the New President

ATTENDANCE at the memorable Silver Anniversary Convention presented an unusual opportunity to see and learn new and interesting things. Hundreds from the East, Middle West and South looked for the first time upon many of the beauties created by nature and modern engineering of which the West is justly proud. Those who arranged their trip to cover the West Coast were thrilled to gaze upon the wonders they had heard and read so much about. Such an experience provides pleasant material for thought and conversation in years to come.

Yet, after it was all over, what a comforting feeling it was to return to the "back yard"; to relax and enjoy familiar surroundings; to greet and mingle with the folks back home, and thus to find satisfying justification for the words of "Home, Sweet Home."

"Distant fields look greener," not only from the viewpoint of a place to live, but also in respect to a place in which to work. At the Convention and at places visited on the trip we heard and saw many things which might lead us to believe that the other fellow has better working conditions: his department seems more successful; his city seems more credit conscious; his community credit policy seems to be a natural development in his locality.

After all is said, however, there is very little difference in the opportunities presented to all of us. Management policies differ in some respects, but the objective of all legitimate retail business is to operate profitably. Systems in use in credit departments are not identical, but their anticipated results are the same—to accept as large a volume of credit business as is possible with reasonable expense and loss.

The customers in one locality are, essentially, as honest and well-intentioned as those of another. *The need for a community credit policy is equally apparent everywhere.*

The predominant factor in the whole equation is the *Manager of Credit Sales himself*. If his ideas are sound, management will consider them when formulating policies. If he has logical plans to increase efficiency in his department, his initiative and salesmanship must put them across. If he feels the need of improving the credit consciousness of his customers and prospective customers he can cooperate with his local association in educational work. If he can appreciate the value of a well-defined community credit policy he will put his shoulder to the wheel along with the other local credit managers.

The National Retail Credit Association is maintained largely for the purpose of developing the usefulness of the individual managers of credit sales. Its Board and management have consistently sponsored those things which would tend to make credit work more interesting and effective. At the age of twenty-five years it can look back with pride on its accomplishments.

It is indeed a happy privilege for me to be chosen as your president to begin the second quarter century. The many sincere offers of cooperation and assistance I have received convince me that we will continue to progress. Time has developed a spirit of determination that will not be denied. And, as we start another year of *The CREDIT WORLD*, local meetings, district conferences, and preparation for the next convention, it is my sincere hope that you will find in them help, courage and enthusiasm that will enhance the value of your work and your enjoyment in its performance!

J. GORDON ROSS, President, N. R. C. A.

Quo Vadis? Whither Bound--In Retail Credit?

By FRANK BATTY*

General Credit Manager, Hale Brothers, Inc., San Francisco, Calif.;
Past President, National Retail Credit Association



THIS is an opportune time, I think, to look the credit situation squarely in the face and ask ourselves the somewhat vague question, "Quo Vadis—Whither Bound?" We have noted that, as in the pre-depression period, outstandings increased with the upswing in business and the ratio of charge to cash sales increased correspondingly. In 1935, the ratio (for department stores) was 48 per cent cash and 52 per cent credit for the nation. The relationship of charge to cash sales is at present higher than (or at least as high as) any other period in recent years.

IS THERE A SATURATION POINT? If so, what and where is it? Saturation is reached in two ways:

1. In the firm's capital available for investment.
2. The ability (or rather the inability) of the worker to pay, based on his earning capacity.

Logically, then, when too much capital is tied up in Accounts Receivable and the customer has assumed a millstone of obligations beyond his ability to pay, a dangerous credit situation is presented and the customer is in reality consumed. In other words, he is off the record except for the bare necessities of life.

To quote Professor Foster: "The credit ice jam is coming again. It will be a bigger and better ice jam with more growls and louder howls. In allowing customers to pile up a larger amount of debts, merchants are setting the stage for a more violent drop in retail sales."

In my opinion this is exactly the situation in which we find ourselves today, and if this is true, what are the contributing factors?

First, the government was ill-advised when it embarked upon a scheme of retail financing on long-term credit. That it was all right as far as the distributor and the public was concerned leaves little room for doubt, but when the "without recourse" clause was drawn the thing fell flat, and it is still too early to predict what the ultimate result will be. Reminding us of the story of the man who fell from the top floor of the Empire State Building; when he arrived at the eighteenth floor he said the air was soft and the going good, quite oblivious of the sudden stop at the bottom.

Second, the merchant public was also ill-advised when it decided to continue long-term credit "à la mode," with all other lines of merchandise thrown into the bargain.

What really happened I think was this: The merchandise managers got together in a body and went into a conference. They said, in effect, "Things are looking up; old man depression is banished. We must have more volume; we will beat Uncle Sam at his own game and

sell the chief on the idea"; and they succeeded to a large extent. "The path of glory leads but to the gravy."

A conscientious minority, however, said, "What of the Credit Department?" but that idea was promptly overruled: "That is their worry; ours is to sell"; and so the racket was on. The credit manager literally sold out to the merchandise managers, which might be all right if the credit department were allowed a 6 per cent mark-down on its receivables.

Then was resumed the insatiable demand, "Volume for Volume's Sake," and the slogan of 1928-1929 became predominant—"BEAT LAST YEAR." Community credit policies, codes of ethics, were thrown overboard, sound practice was discarded for unsound practice. The monkey of competition tore up the BIBLE of reason and good judgment which had taken years to compile.

On the authority of Babson we have this recent statement:

"There is always a danger that is inherent in good times. With business increasing monthly some business men become careless and very optimistic in the granting of credit. In fact that is one of the reasons why business does not long remain normal but is pushed into a reckless boom.

"It is important for credit departments to protect themselves and the nation from the possibility of future trouble by not becoming lax when business is good. The credit and collection outlook is still favorable, but credits should be kept in order at all times."

The answer is, of course, obvious, but keeping your receivables liquid is not quite as easy as it sounds!

Carrying Charges

A new argument has recently been advanced by the proponents of long-term credit by the statement, "Look at your carrying charges. These will take care of long-term selling, so why be unduly concerned?" But we must remember, however, there is, with few exceptions, no carrying charge on past-due open accounts, and whether the current rate on long contracts is sufficient to cover the exact expense incurred is extremely doubtful.

Again to quote Professor Foster: "The charge of one-half of 1 per cent per month on the original unpaid balance was precious little even under the less liberal standards, to cover investigation, bookkeeping, collection, repossession, bad debt losses, and return on the capital tied up. Unless credit requirements are raised and a larger per cent of applications rejected, carrying charges will need to be increased to meet the increased expense of the more liberal terms. The only alternative is to adopt the policy of the so-called installment houses, which include

*Extracts from a paper prepared for the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

a large allowance for credit extension in the original mark-up."

In attempting a prognostication as to the future (ever with the thought in mind of a tendency to an overbalanced credit structure), let us glance at one or two of the *undermining forces* which must be combated.

Science has shown us that, in prehistoric times, Great Britain and the continent of Europe were connected as one country, but are now separated by 21 miles of the English Channel at the closest point between Dover and Calais. What undermining forces brought about the separation of two countries? A tiny species of cuttlefish, aided by the action of wind and wave, gradually brought about the gap which is slowly widening.

There are strange forces at work in the realm of retail credit which have a tendency to undermine the economic structure. **FIRST IS COMPETITION IN CREDIT TERMS.** Let us have reasonable competition in merchandise, in personnel, in store service; but in credit terms, NO, for reasons which we have stated.

Competition in terms (like labor strikes) is a form of war, and in war the victor is never victorious and nobody really wins. In San Francisco, we have recently emerged from a 100-day maritime strike which is estimated to have cost the San Francisco Bay District 300 million dollars! The effect of such conditions on sales and collections cannot be estimated.

SECOND—THE INSIDIOUS FORCES OF COMMUNISM AND RADICALISM which aim at the vitals of our civilization generate disrespect for law and order and constituted authority. Communism threatens the very life of our social and economic structure. (Read Congressional Record of the U. S., *Volume 80, No. 77*, for details on Communism as to its nature and program.)

In piling up receivables is it not a pertinent question to ask what might happen in the event of a major catastrophe such as a prolonged general strike, an earthquake, fire or flood? It is astonishing—the rapidity with which we forget. We sit complacently and say, "It cannot happen here," but it *has happened and is happening* in some sections of our country!

One other important factor which should not be overlooked in reviewing the credit situation is the **DEVELOPMENT OF THE CONSUMER COOPERATIVE** movement in America. While not a destructive force, it is diametrically opposed to credit by its very nature. In England the Rochdale movement has grown to such an extent during the last half century that "Britain, a Nation of Shopkeepers" is no longer true, and the individual merchant is unable to hold his own against his colossal competitor with three-fourths of a billion dollars' capital.

Watch the consumer cooperative movement in America. It has come to stay! In Sweden, the movement has grown to such an extent that that country has shown an economic gain of 33 per cent since the depression, and the United States government recently sent a delegation to both England and Sweden to make an intensive study of the cooperative system. The findings of this committee were recently published by the Bureau of Foreign and Domestic Commerce, in *Volume 19, No. 9*, which is recommended for most interesting reading.

That the demand for more and more credit will be even greater in the future is unmistakable, but it seems

to me that it is imperative that we benefit from the experiences of the past, *particularly during the lean years*, and govern ourselves accordingly by **MORE CAREFUL SELECTION OF RISKS.** We must devote even more time to personnel training and the education of the public as to the reverence for, and the dignity of, an obligation.

We must adapt ourselves to an ever changing environment and must compel ourselves to face, and deal with, the ever increasing problems which confront us. As a National Association, it is incumbent upon this Association to develop as an **EDUCATIONAL CENTER—A CLEARING HOUSE FOR INFORMATION—AND A SAFETY VALVE FOR THE NATIONAL CREDIT STRUCTURE**; and unless it can, as an Association, efficiently fulfill this obligation which it owes to you and me, then it has served its purpose and its glory has departed!

There may be among you those who feel that the picture I have endeavored to present has been exaggerated and "painted in drab." In support of my contention I shall conclude by citing conditions with which I am familiar and which to my mind indicate a general trend unless arrested in time:

We have joined the parade of long-term credit in keeping with other cities and towns. Our receivables are increasing and the available figures show a decline in collection which is inevitable. Merchandise can be purchased on almost any kind of terms without down payment—terms which did not prevail even in pre-depression times. As previously stated *we* are just recovering from a strike which cost the Bay District 300 million dollars and, indirectly, millions which cannot be tabulated.

A considerable portion of our business is derived from the artisan class, whose employment is more or less precarious. To such, easy payment and long terms are extended. As a class, they are honest generally, it is true, but possessed of little or no financial resources to meet an emergency whenever it occurs.

To these people the difference of \$1.00 or \$2.00 in monthly payments is frequently quite a consideration, and still the mad rush for increased volume continues, as the result of specious advertising and high-pressure selling methods. In other words, after having loaded a customer up beyond his ability to pay, we say to him "God keep you honest, we will keep you poor."

We had, in San Francisco, a reasonable Community Credit Policy which acted as a watchdog and improved collections resulted. That policy, the outcome of years of effort, was discarded almost to a practice without limit. The merchant has assumed the role of a banker minus the subsidy. It is irrelevant to expect that credit department expenses or losses will be reduced.

To summarize briefly, and in conclusion, credit is being exploited beyond reasonable limits, *and the danger lies not so much with the consumer as with the store's credit policy.* We are in a veritable whirlpool of credit and the irrevocable law of survival of the fittest holds sway.

I am of the opinion that the middle lane of soundness, safety and sanity will ultimately prevail. It still holds true that the prosperity of the nation depends largely upon **INTELLIGENT CONSUMER CREDIT EXTENSION—WITH EMPHASIS ON THE "INTELLIGENT."**

Should Credit Granters Postpone Sales for 24 Hours (or longer) Instead of Granting Credit in 3 Minutes??

Certainly Not!!

But It Is Necessary When Stores Use Messenger Service Or the Mails to Receive Reports From the Bureau!

DELAYS ARE DANGEROUS

Because:

New applicants for credit, and excellent ones too, may and do "shop around" and, being treated more promptly at a competing store, forget to return to the slow-moving store, and not only that, but they tell their friends the difference (in courtesy and speed) between one store and the other—praising, of course, the store with modern methods and possibly even condemning the other.

Yet, both stores had spent thousands of dollars trying to attract these applicants' attention to the desirability of opening an account. One succeeded where the other failed.

Consequently, *speed*, as well as accuracy, is necessary when any person asks for the privilege of an account with your store, because that applicant is usually eager to begin buying at once. Slow action on your part may not only cost you sales today, but good will for a long time in the future.

Telautograph Service:

From your store to the Credit Bureau will give you complete information on the average applicant, in the handwriting of the clerk at the Bureau, in from 3 to 5 minutes after you *write* to the Bureau on the telautograph, giving name, address and references supplied by each new applicant.

All messages remain on the telautograph at your store and on your telautograph at the Bureau. Yet, the time of but one person is consumed while the inquiries and replies are being transmitted.

Think of the value of a service which provides you with complete information in such a speedy manner and which gives you a permanent and indelible record at the same time. No grief can follow because the report from the Bureau is in your possession for future reference. Can you afford to procrastinate longer on such a vital matter as this is? We think not.

Telautograph Rentals Average About One Dollar Per Day for Each Store Connected With the Local Credit Bureau

216 Stores and 36 Bureaus

Now Using This Service—They Will Tell You It Is Good!!

Since July 1st, the following ordered connections to their local bureaus:

Brown, Curtis & Brown, Inc., Syracuse, N. Y.
Sears Roebuck & Co., Syracuse, N. Y.
Lion Clothing Co., San Diego, Cal.

I. Magnin & Co., San Francisco, Cal.
General Contract Purchase Corp., Memphis Tenn.
Interstate Securities Co., Inc., Tulsa Okla.

WE HAVE 45 BRANCH OFFICES AT YOUR SERVICE!!

DEPENDABILITY

ECONOMY

SERVICE

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES:

16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.



Prompt Collections Do Build Sales!

By O. M. PRENTICE*

Credit Manager, David Spencer, Ltd., Victoria, B. C.

PROMPT collections are a great factor in building sales. However, I feel we need to somewhat define the term "Prompt Collections." Different stores will establish different terms and basically, prompt collections are attained when a store's customers pay according to the terms arranged.

A great step forward in retail credit was taken when the idea and ideal of a Community Credit Policy was formulated and brought to the attention of credit executives. It is my opinion we must not be drawn away from this ideal and though, in a great many communities, no exact or really binding policy has been established, as long as the credit managers keep this ideal before them and try to work together a great deal will be accomplished.

However, still greater and more satisfactory results will follow a real and definitely established Community Credit Policy with all the principal merchants fully co-operating in maintaining the rules established and agreed upon.

The terms on which our present credit structure has been built are:

Open Credit Monthly Accounts: Settlement in full during the following month with emphasis on "by the 10th of that month." In the case of newly opened accounts the 10th is usually stressed so payment near to that date is expected, while with older customers "during the month" is considered satisfactory.

Contract, Installment, or Lien Accounts: Settlement of each payment within 1 to 4 days of agreed payment date. Down payment before delivery.

Budget, Letter of Credit Accounts, etc.: This type of account, under numerous names, has recently been holding the centre of the credit stage. Settlement of each payment within 1 to 4 days of agreed payment date is usually considered prompt payment. Down payment to be made at the time the account is arranged and *before purchases are made or delivered.*

Prompt collections, in addition to building sales, decrease bad-debt losses, show good collection percentages, and so increase the turnover of accounts receivable. This, in turn, means less money tied up in accounts receivable, and so a saving in interest charges, if a firm borrows; or, if there is no borrowing, more capital available to be profitably employed in other ways. Collection costs and bookkeeping expenses are also decreased materially.

To make prompt collections effective, they must not be forced collections. By that, I mean your customer must be convinced that prompt payment is of value to him or her individually. This can best be attained by

the education of our customers in general and as individuals.

Each Manager of Credit Sales can do a great deal, as an individual, in educating his own customers but the attainment of prompt collections is also a cooperative effort.

As all buyers in a community begin to see and understand that every store considers prompt payment an essential to a satisfactory account, the result is cumulative. Our customers then begin to really understand and fully realize the value prompt payment has toward making and keeping a good credit record. *The collection percentages of different communities bear this out.*

Basically, I feel, with the proper background the majority of customers will buy more when their accounts are paid up to date. This not only applies to open credit accounts but can be used as a basis of increased sales on Contract (or Installment) Accounts and also on Budget Accounts.

When your customer has paid her Contract Account promptly you are in a position to suggest "add ons" or additional purchases to be cleared by continuing the same monthly payment and carrying charge. Such "add ons" can be a very profitable source of additional sales.

When your Budget Account has been paid promptly, you are also in a position to suggest another similar account and so increase your credit sales and in addition tie the customer more firmly to your store.

Your prompt paying customers are, on the whole, your best customers. These customers through a system of customer control and sales promotion offer a further fertile field for increased credit sales.

A recent example drawn from our experience, which I am confident can be duplicated in every one of your offices, is that of a customer who bought a range on terms and fell behind on her second payment. She automatically received our regular first reminder 2 days after payment date, then 6 days later our second reminder, then 6 days later our first letter.

She came in, feeling that we were being unreasonable in notifying her so frequently. It was diplomatically and politely explained to her that the terms given already constituted a credit extension which was only covered by the carrying charge assessed, as long as these payments were made promptly as agreed. Further, that in fairness to our customers who paid cash and our credit customers who met their payments as agreed, we had to ask everyone to maintain the terms they had agreed to.

After a moment she said: "Is this your policy with everyone?" On being assured in the affirmative, she stated: "I am glad I have had this talk with you and now can see the fairness of your position and how you

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

can give terms at cash prices with so moderate a carrying charge."

This lady, shortly after clearing her stove account, made a large purchase of home furnishings and told us she so appreciated our policy and fairness that she had recommended many of her friends to make their purchases from us. Of course, if there is a case of sickness, accident or temporary loss of employment, each case would be considered on its own merits and every effort made to assist our customer.

A great many observers and analysts have stated they find customers, when they have an overdue account with one merchant, tend to transfer their business to another merchant, feeling they may be refused further credit where they were dealing, because of the overdue position of their accounts. These customers also tend to take their cash business to other stores where they don't owe money.

Therefore, keeping your accounts on a prompt collection basis saves sales losses of this kind, not only from your credit sales, but your store's cash sales as well.

The experience of many credit managers has proved, time after time, that the current business of customers who owe a large overdue balance is lost until the account is brought to date and then, without solicitation of any kind, the customer begins to buy again. Our files contain numerous instances of this kind.

The manner in which prompt collections are attained also has a great effect on credit sales. The basic principle is to secure your money and still retain the good will of your customer.

Your collection effort must be from the angle of selling. It is up to every Manager of Credit Sales to resell his customers on the value they have received, the prestige of his organization, the reputation of his house and the integrity it has established and shows in every transaction.

In addition to creating the feeling among your customers that they want to come back to do further business with such an organization, they will feel that they cannot but meet their obligations as arranged. They will feel this is expected of them and— isn't our conviction in this matter, when we really feel and believe it, passed along to our customers?

A short time ago I read "One great part of our jobs is to sell a receipt." *That sentence is worth thinking over!* "The pleasure and benefit derived from merchandise purchased may be forgotten, but still we must sell a receipt. In accomplishing this we are brought in contact with all types and classes. Antagonism and criticism on our part only bring resentment. Tact of the highest order is required with a good ability to listen. A combination of friendliness and firmness will produce results."

It is my firm conviction that the process of prompt collections must be educational and not such as to antagonize customers. The experience of numerous credit managers has been that *accounts can be collected promptly and customers' good will retained.*

Your good customers appreciate an attitude that all account customers must pay promptly in fairness to cash customers and those who see their account terms are

strictly and unfailingly honored. Lax credit and collection policies lower the customer's opinion of any firm and are a cause of lost sales and also the loss of good-paying customers, and such customers are the best customers of every firm.

Prompt collection is a constructive undertaking and collecting is inherent in our credit system.

Customers pay for various reasons. One list enumerates these:

Because of habit,
Pride in meeting obligations,
Because she (or he) has good will for
the house and likes to do business
with people who treat her right,
Because she (or he) ought to pay—
a moral obligation,
To avoid annoyance of letters and
collectors.

In every one of these, except the last, you have a basis for increased credit sales, if the principle of resale is applied with vision. Many appeals can be used in attaining prompt collections and most can be tied up with a suggestion which will increase sales. The principal appeals we can use are Fair Play, Justice, Pride, Sympathy, Fear.

I feel that this paper should run on to some definite outline covering the "how" of accomplishing the collection results which will build sales but this would be invading a wider field than was contemplated in the title assigned to me.

I want to close with these thoughts:

More sales come from, and more profit is made by—keeping our good customers; educating our indifferent customers to be good ones; selling these customers as much as possible, within their ability to pay; attracting new charge customers; the new customers brought in by the recommendation of our satisfied customers.

Also, the foundation of increased sales and prompt collections is laid at the time credit is granted and the account is opened.

By keeping the following data you will have your own proof that *Prompt Collections Do Build Sales*:

Monthly sales divided into credit sales and cash sales. Credit sales further divided into, at least: Open Credit, Installment Credit, Budget Credit. These sales also cumulative to date, this year and last year.

Percentage of sales increase, this year over last year, cumulative to date, covering both cash and credit sales. Collection percentages for each type of credit extended. Number new accounts opened by any period as month, etc. Number accounts stopped buying by any period as month, etc.

Number of these accounts re-established by resale efforts, at least monthly. Number of accounts you have on your books by months or quarters.

In addition to recording these statistics in figure form, I find recording the same graphically is of great assistance in visualizing trends.

I trust the points I have covered will be of some assistance in this part of your daily work.

Reducing Merchandise Returns Through Customer Education

By ROBERT A. ROSS*

Credit Manager, Neiman-Marcus Co., Dallas, Texas; National Director and President, Eighth District, N. R. C. A.

D OUBTLESS many of you credit executives gathered at this Convention, representing as you do the principal retail markets of two great nations, find yourselves on the whole more familiar with the problem of credit education as it relates directly to payment of merchandise obligations than with its allied subject, that of customer education to reduce the number of items and the percentage of your gross sales that are returned for credit or exchange.

"How to reduce merchandise returns without the loss of sales, and equally important, without the loss of customer good will" is a formula for which retail business has been in search since the origin of the credit system. With the growth of the credit system during slightly more than the last third of a century, when credit sales have ascended from the small figure of approximately 10 per cent of total retail sales in 1900 to more than 50 per cent in 1936, the need for finding this formula and applying it has grown in a direct proportion to the growth of credit sales.

In considering this problem we must take into account a bit of applied psychology. It is our belief that we may safely state that 99 per cent of the people who buy on credit in North America recognize the moral obligation for payment incurred when a purchase is made. Our "Pay Your Bills Promptly" educational programs have been designed to strengthen this feeling of obligation.

A feeling of obligation to keep a garment or any other item involved, however, may not be equally recognized by a patron when returning such garment for credit to her account. This customer-education must, therefore, have as one of its principal aims that of educating the retail buyer that every purchase should be made with a degree of finality that will close a sales transaction when the charge is made.

In our programs of Pay Prompt Advertising few cities hope to attain the acme of perfection, that of collecting 100 per cent of their outstanding accounts each month. Likewise, in our programs relating to returned merchandise few communities will hope to eliminate the returns altogether, but will aim instead to reduce merchandise returns to a minimum consistent with a sound policy that is fully considerate of the most valuable, intangible asset that a retail business can have: Good will.

The stores represented in the Return Goods Division of the Dallas Retail Merchants Association have been conducting an educational campaign to reduce the percentage of merchandise returns and this program is now in its sixth year. Under the treatment applied in our Dallas retail market, the percentage of merchandise returned for credit has been substantially reduced without,

we believe, either an impairment of sales, or of customer good will. The proof of this lies in the tabulation of return percentages to gross sales which has served as a yardstick to measure progress.

Improvement has been cumulative in effect from year to year since the initiation of the return goods program in October, 1931. The figures for 1936 in the stores interested in the campaign show an improvement in comparison with 1930 when no concerted effort was being made to control returns, ranging from the lowest store with a 20 per cent improvement to the highest store with an improvement of 53 per cent, the median figure being approximately 35 per cent.

Comparing 1936 showings with 1935, there was no appreciable increase in percentage of returns in the interested stores. Sales for 1936, in the group of stores interested, were 20.9 per cent higher than were the sales for the same stores in 1935. That Dallas merchants have been able to enjoy this period of business gains without the percentage increases in returns heretofore regarded as an inevitable accompaniment to more liberal buying, we regard as the acid test of our plan for controlling merchandise returns.

This plan has three distinctive features to which we credit this achievement:

First, persistence from year to year in its educational process. Second, the set-up of a division of stores most affected by merchandise returns, for specific study and treatment of the problem. Third, a special secretary to coordinate and administer the plan between the member stores.

This set-up assures constant surveillance and a constant program of preventive education carried on with the customer and the sales organizations of the interested stores, which is based on continuous study of the causes of merchandise returns.

Out of these studies have come special and specific campaigns for:

- a. Preventing blouse returns induced by the fashion rise of the tailored suit.
- b. Seasonal emphasis on merchandise returns relating to such specialized items as bathing suits and accessories.
- c. Educating customers to buy by weight and measurement instead of age when shopping for children.
- d. Training salespeople to sell accordingly out of the mazes of size ranges designed to meet the needs of varying types of children of the same age.
- e. Stressing proper care and use of synthetic materials.

These are just a few of the high lights from reasons for returns determined by our analysis. Methods for meeting these and similar situations are devised by pooling the interests and experiences of the several stores and

*An address before the Silver Jubilee Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

presenting a united front on information and policies in dealing with the patron.

Better selling, as a means to better buying on the part of the customer, with reduction of returns as a corollary, is the point that is emphasized in sales training programs.

Newspaper advertising has been used from the beginning to inform the general public of the extent and nature of the merchandise return problem and its effect on their purchasing power. An annual newspaper series published during October and November helps to curb returns during the heaviest buying season.

As this advertising precedes the Christmas rush it is also effective, we are happy to state, in lessening the usual aftermath of returns and exchanges after the holidays. (A typical newspaper ad is shown at the right.)

"The ABC's of Successful Shopping," "A Word to the Wives Is Sufficient," "The Purchaser for One Man's Family," "What Every Customer Should Know," "Leadership in Fair Practice," and a rating list entitled "Are You a 100 Per Cent Buyer?"—headings taken from one series—indicate the type of appeal that is made through advertising to the customer's sense of fair play and pride in making an efficient job of her purchasing.

Leaflets of the rules regulating returns adopted by the group are distributed twice a year in statements and packages, with color scheme and foreword changed with each printing. Against the background of favorable opinion created by this general advertising and publicity, more specific education is undertaken with the chronic or excessive returner of merchandise who largely creates the problem.

An audit of the accounts of the interested stores is made each six months. Following this audit, letters are sent to those patrons whose accounts show 15 per cent or more of returns in volume and units during the preceding half-year at one or more stores.

"I was an unwitting offender," was a typical response made by hundreds of customers upon receiving letters following the first audit of the store ledgers. The names of many of these have never appeared in subsequent audits.

Customers who clung to the traditional right of change of mind or special privilege have yielded more slowly to the pressure of public opinion and individually applied treatment, but the number of chronic or excessive returners has diminished with each audit.

A noticeable change of attitude is evident in a customer seeking to return an article—now she is apologetic. Before our campaign she considered, in many instances, the privilege of return as an inalienable right.

A record kept in a better department of ready-to-wear for one month last spring showed that 70 per cent of the returns were made in person. Customers took this trouble to explain their reasons for return and thus gave the salespeople involved a chance to make a resale.

Our experience has proved to us that there is no short cut to the control of returns, no settling the problem once and for all. Prevention of returns is a by-product of better selling, that aim of all enlightened stores of the day. Permitting the customer the unlimited privilege of home selection and change of mind after apparent sale of the merchandise in question in the store is an out-moded selling method.

(Editor's Note: Reproduced below is one of the series of newspaper advertisements used by the Dallas Retail Merchants Association, and described by Mr. Ross in this article. The original ad was much larger: Three columns wide by 16½ inches deep.)

(Continued on page 19.)

SHOP CAREFULLY...and avoid "returns"



A Word to the Wives is Sufficient

THIS is a straightforward appeal to YOU and to thousands of other thoughtful, fair-minded women WHO PAY for the careless shopping habits of the minority.

YOU are asked to help the Dallas stores in eliminating the "returned goods evil"—which in the final analysis, costs you money.

You can create a sentiment against this wasteful practice by pointing out to those guilty how the cost of unnecessary returns must be paid by the consumer.

Explain that a recent survey shows it costs a store from 21c

to 61c, plus the depreciation in the value of the merchandise every time an article is purchased—and later returned. . . that this wasteful shopping evil detracts from the store's efficiency and service to the public YOU who pay for it in higher prices, time and trouble.

Make it plain that disease can be spread by garments and other articles which have been taken out of the stores and returned . . . that the modern, thoughtful customer should not ask or expect an out-of-date privilege and concession the store cannot afford to extend nor the customer afford to accept.

YOU pay...
and pay...
and pay...
for
unnecessary
"returns"

A Division of
Dallas Retail Merchants Assn.

...Make Up Your Mind BEFORE You Buy



The Barometer of Retail Business

Credit Sales and Collection Trends

June, 1937

versus

June, 1936

Compiled by Research Division
National Retail Credit Association
Arthur H. Hert, Research Director

COLLECTIONS increased 3.0 per cent during June over June, 1936, while credit sales increased 9.9 per cent. Total sales, however, increased 8.3 per cent. These increases were attributed to (1) general improvement in business conditions, (2) wage increases, and (3) settlement of strikes. On the other hand, labor unrest tended to retard collections and credit sales in several cities.

HIGH-LIGHTS—CREDIT SALES

- 57 Cities reported increases.
- 9.9% Was the average increase for all cities.
- 30.5% Was the greatest increase (Borger, Tex.).
- 4 Cities reported no change.
- 3 Cities reported decreases.
- 5.0% Was the greatest decrease (Victoria, B. C.).

Sixty-four cities, representing 24,105 retail stores, are included in this compilation.

Augusta, Me., reported fair collections during June due to a small increase in wages in shoe factories. Central Maine has not experienced any labor unrest and none is expected. . . . A decline was noted in collections, credit and total sales in Northampton, Mass., as a result of the largest textile mill working only part time for several months prior to June. . . . Manchester, N. H., reported: "General business holding steady—diversified industry helping to stabilize pay rolls."

Collections and retail business were fair to good in the New York and Pennsylvania area. General improvement in business conditions coupled with favorable weather re-

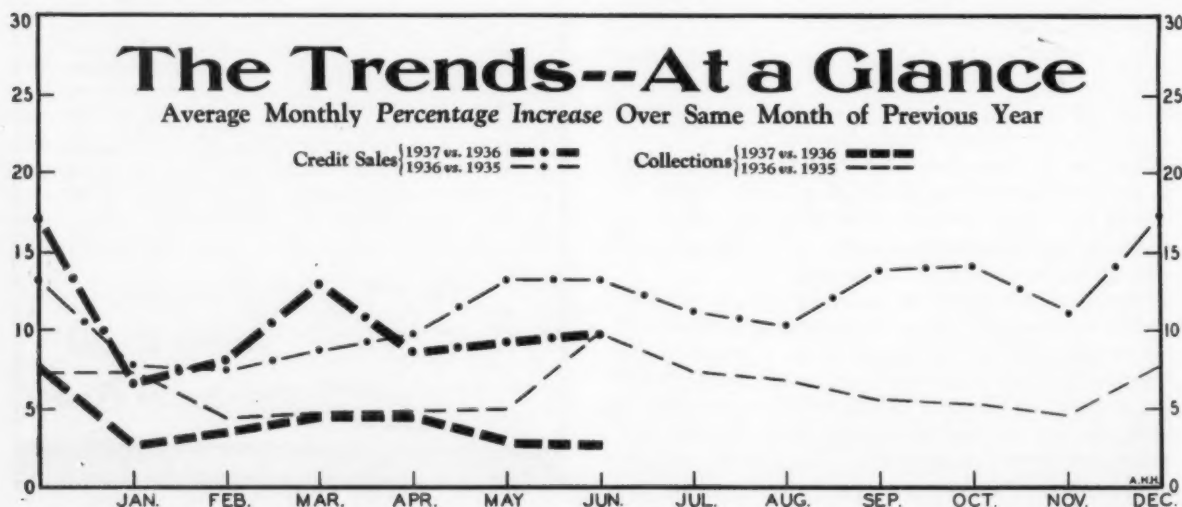
sulted in an increase of 5.0 per cent in collections in Philadelphia, during June, and a 10.0 per cent increase in credit sales. . . . Collections and retail business were reported good in Pittsburgh as a result of a general improvement in business conditions along with increased foreign orders for steel. . . . Settlement of the strikes in Reading, Pa., resulted in an increase of 5.0 per cent respectively in collections, credit and total sales during June. . . . Continued activity in the coal and coke industry caused collections to increase 9.0 per cent, and credit sales 12.0 per cent, in Uniontown, Pa.

Credit sales increased 17.5 per cent in Charleston, W. Va., while collections increased only 1.8 per cent. . . . Collections were fair in Clarksburg, W. Va., due to unseasonable weather; however, credit and total sales were fair to good.

HIGH-LIGHTS—COLLECTIONS

- 39 Cities reported increases.
- 3.0% Was the average increase for all cities.
- 22.0% Was the greatest increase (Borger, Tex.).
- 5 Cities reported no change.
- 20 Cities reported decreases.
- 5.6% Was the greatest decrease (Casper, Wyo.).

Collections, credit and total sales continued to increase during June in Fort Lauderdale, Fla. "There is a continued building activity, no unemployment, better summer tourist business than last summer and an increase in population and business houses." . . . Continued improved business conditions were in evidence in Jacksonville, Fla., during June. Collections, credit and total sales increased



15.0 per cent respectively. The opening of a new paper and pulp mill in *Charleston, S. C.*, resulted in an increase of 15.0 per cent in credit sales and 20.0 per cent in total sales.

Collections increased 2.0 per cent in *St. Louis*, due to steady employment, resulting in the working classes having more money to pay their bills.

Collections were only fair to good in the *Illinois, Michigan, Ohio* and *Wisconsin* area. Credit and total sales, however, were good.

Collections were slow in *Cedar Rapids, Ia.*; however, credit sales increased 8.0 per cent. Collections and retail business conditions remained practically unchanged during the month of June in *Sioux City, Ia.*, although the outlook is reported as "exceptionally bright for the next few months." . . Collections were off 3.0 per cent and total sales decreased 10.0 per cent in *Omaha* due to uncertainty in crop conditions.

Collections and credit sales continue to increase in all *Texas* cities. *Borger, Tex.*, led all of the 64 cities reporting, in collections, credit and total sales. All the industrial plants are operating at capacity and several new plants have been and are being built at the present time. There is no unemployment and all employable people are working. . . Increases in collections and credit sales in *Breckenridge, Tex.*, were due to an exceptionally good grain crop in the immediate vicinity.

Collections remained unchanged in *Cheyenne, Wyo.*, while credit sales and total sales both increased 5.0 per

cent, with an increase in time payment sales. . . Excellent prospects for a good crop this year in *Torrington, Wyo.*, resulted in an increase of 10.0 per cent in collec-

HIGH-LIGHTS—TOTAL SALES

58 Cities reported increases.

8.3% Was the average increase for all cities.

30.0% Was the greatest increase (*Borger, Tex.*).

3 Cities reported no change.

3 Cities reported decreases.

10.0% Was the greatest decrease (*Omaha, Neb.*).

tions, credit and total sales. The community has experienced good rains and the farmers are very optimistic.

Labor unrest resulted in a 1.0 per cent decrease in collections in *Vancouver, Wash.*, during June. Credit and total sales remained unchanged. "Customers do not seem to want to part with their money as they are preparing for the unexpected."

More money is in circulation in *El Centro, Calif.*, due to profitable vegetable, grain and fruit crops. . . Collections, credit and total sales remained unchanged in *San Francisco* and *Oakland, Calif.* *Santa Barbara* reported

(Continued on page 31.)

Comparative Reports--By Cities--June, 1937, vs. June, 1936

[Sixty-four cities--representing 24,105 retail stores--reporting]

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	+ 5.0	Fair	+10.0
Lynn, Mass.	Fair	- 0.2	Good	+ . . .
Northampton, Mass.	Fair	- 2.0	Fair	- 3.0
Worcester, Mass.	Fair	- 2.0	Fair	- . . .
Manchester, N. H.	Fair	+ 5.0	Fair	+10.0
Providence, R. I.	Fair	- 0.5	Good	+13.0
Average	Fair	+ 0.9	Fair	+ 7.5
2. New York City	Good	+ 0.2	Good	+ . . .
Utica, N. Y.	Fair	+ 3.0	Good	+ 5.0
Erie, Pa.	Good	+ 3.2	Good	+18.3
Philadelphia, Pa.	Fair	+ 5.0	Fair	+10.0
Pittsburgh, Pa.	Good	+ 4.0	Good	+ 6.0
Reading, Pa.	Good	+ 5.0	Good	+ 5.0
Uniontown, Pa.	Good	+ 9.0	Good	+12.0
Average	Good	+ 4.2	Good	+ 9.4
3. Baltimore, Md.	Good	+ 0.3	Good	+ . . .
Charleston, W. Va.	Good	+ 1.8	Good	+17.5
Clarksburg, W. Va.	Fair	No chg.	Fair	+ 7.0
Huntington, W. Va.	Good	No chg.	Good	+ . . .
Average	Good	+ 0.5	Good	+12.2
4. Fort Lauderdale, Fla.	Fair	+ 5.0	Good	+25.0
Jacksonville, Fla.	Good	+15.0	Good	+15.0
Charleston, S. C.	Fair	+ 5.0	Good	+15.0
Average	Good	+ 8.3	Good	+18.3
5. St. Louis, Mo.	Good	+ 2.0	Good	+ . . .
6. Decatur, Ill.	Slow	- 4.0	Good	+12.0
Joliet, Ill.	Fair	+ . . .	Fair	+ . . .
Detroit, Mich.	Good	- 2.0	Good	+21.9
Grand Rapids, Mich.	Good	No chg.	Good	+15.0
Mount Clemens, Mich.	Good	- 1.0	Good	+ 1.0
Cincinnati, Ohio	Good	+ 6.6	Good	+26.6
Cleveland, Ohio	Fair	- 0.1	Good	+ . . .
Dayton, Ohio	Good	+ 5.1	Good	+12.5
Toledo, Ohio	Good	+ 5.0	Good	+10.0
Fond du Lac, Wis.	Good	+12.0	Good	+18.6
Milwaukee, Wis.	Good	+ 0.4	Good	+ . . .
Average	Good	+ 2.0	Good	+14.7
7. Cedar Rapids, Ia.	Slow	- 4.5	Fair	+ 8.0
Davenport, Ia.	Good	+ 0.1	Good	+ 0.1
Des Moines, Ia.	Fair	- 2.0	Good	+ . . .
Sioux City, Ia.	Fair	+ 1.0	Fair	No chg.
Duluth, Minn.	Fair	- 2.7	Good	+ . . .
Minneapolis, Minn.	Good	+ 1.0	Good	+10.0
St. Paul, Minn.	Fair	- 0.1	Good	+ . . .
Omaha, Neb.	Fair	- 3.0	Fair	+ . . .
Average	Fair	- 1.3	Good	+ 4.5
8. Ada, Okla.	Good	No chg.	Good	No chg.
Tulsa, Okla.	Good	+ 4.3	Good	+ 6.3
Amarillo, Tex.	Good	+12.0	Good	+10.5
Borger, Tex.	Good	+22.0	Good	+30.5
Breckenridge, Tex.	Good	+ . . .	Fair	+ . . .
Fort Worth, Tex.	Good	+10.2	Fair	+ 2.8
Houston, Tex.	Good	+ 4.9	Good	+ 8.7
Pampa, Tex.	Good	+16.0	Good	+23.0
Average	Good	+ 9.9	Good	+11.7
9. Denver, Colo.	Good	+ 0.3	Good	+ . . .
Salt Lake City, Utah	Good	- 2.1	Good	+ 4.0
Casper, Wyo.	Fair	- 5.6	Good	+ . . .
Cheyenne, Wyo.	Fair	No chg.	Fair	+ 5.0
Torrington, Wyo.	Good	+10.0	Good	+10.0
Average	Fair	+ 0.5	Good	+ 6.3
10. Portland, Ore.	Good	- 0.5	Good	+ . . .
Spokane, Wash.	Fair	- 0.5	Good	+ . . .
Tacoma, Wash.	Good	+ 1.7	Good	+ . . .
Vancouver, Wash.	Slow	- 1.0	Slow	No chg.
Average	Fair	- 0.1	Good	+ . . .
11. El Centro, Calif.	Good	+20.0	Good	+15.0
San Francisco and Oakland, Calif.	Fair	- 0.1	Fair	No chg.
Santa Barbara, Calif.	Fair	- 3.0	Good	+ 5.0
Average	Fair	+ 5.6	Good	+ 6.6
12. Vancouver, B. C.	Good	+ 4.0	Good	+ . . .
Victoria, B. C.	Fair	+ 2.0	Fair	- 5.0
London, Ont.	Good	+10.0	Good	+10.0
Average	Good	+ 5.3	Good	+ 2.5

Why Add Carrying Charges On Past-Due Accounts?

By HARRY P. EARL*

Credit Manager, Utah Power & Light Co., Salt Lake City, Utah

NOT many years ago credit men were very jealous of information held in their files and it was unheard of for a collection department to divulge a successful collection policy. Credit departments were operated in a secret manner by "poker faced" men.

Recent years have seen marked improvement in the attitude of the credit personnel. Now constructive ideas are freely passed to others. At these conventions collection policies which have proved successful are willingly explained and the discussion of our problems in our group meetings often brings a solution of them.

This subject, "A Carrying Charge on Past-Due Accounts," is not new. The last two conventions passed a resolution recommending the adoption of a carrying charge of one-half of one per cent per month on all charges not paid when due.

I understand there are about twenty-five cities where a carrying charge on past-due items is in effect. This is a good start but the surface has only been scratched. Perhaps we don't adapt ourselves to a change. We hold on to old policies too long.

Probably we are like the city boy who was visiting his country relatives. Their Sunday pastime was to go down to the corral, catch hold of a heifer's tail and race around the barnyard. The city boy decided to get in on the fun but he made the mistake of getting hold of a steer's tail. Around they went faster and faster and finally the steer jumped the fence, and when they picked the boy up on the side of the hill they asked, "Why didn't you let go?" "Well," he said, "I was too busy holding on to think of that."

Let us not be so close to our problems that we can't see a solution of them!

I will picture to you what a carrying charge on past-due accounts means to the retail merchants in the United States. These figures are based on a recent survey made by Dun and Bradstreet and reports from the United States Department of Commerce.

It is estimated that retail sales in the United States will reach 40 billion dollars this year. Out of 40 billion in sales, 22 billion will be done on credit, and you ladies and gentlemen are responsible for the successful handling of this tremendous volume of credit business. During every month this year merchants of this country will carry 2 billion in past-due items. This is roughly 10 per cent of annual credit sales.

Retail trade will continue very much as usual this year with bad-debt losses amounting to roughly 200 million dollars. We know that too low a ratio of bad-debt losses may indicate poor management as well as too high a ratio so we may consider this loss to be always with us.

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

The merchants of this nation could collect this year 130 million dollars in carrying charges on past-due accounts if there were a national policy of adding carrying charges on such items. Just think! *Two-thirds of the bad-debt losses* could be offset by this 130 million from carrying charges.

Compare this with one year's sales in *all* candy and confectionery stores of the United States, which amounted to about 314 million dollars last year.

It will interest you to know that this estimated carrying charge for one year equals one-sixth of a year's sales in variety (5c, 10c, and up to dollar) stores.

Maybe there should be a national policy to develop the carrying charge on past-due accounts *but national movements usually have their start in communities.*

May I briefly outline the plan which seems to have helped the larger stores in Salt Lake City on this problem of past-due accounts.

Just five years ago, twelve of the principal stores adopted the plan of charging one-half of one per cent each month on past-due balances. The stores in certain lines agreed on a definite policy and I believe they have held to the plan.

In 1932 these stores were collecting *only 35 per cent* of receivables each month. *Today collections are running 55 per cent per month!*

Carrying charges are not entirely responsible for the better collections but due to the fact that a community credit policy is in force and carrying charges are part of the plan, *credit accounts have improved.*

The carrying charge plan has been profitable. During the first three months the plan was in operation, four large stores collected \$5,000 in carrying charges with only 50 registered complaints and the cost of additional help was \$300. Carrying charges are added on 15 per cent of the accounts and carrying charges in some of the stores equaled the bad-debt losses in 1936.

In preparing this material, I went to considerable length interviewing the executives in the larger stores and I purposely tried to locate any weak spots, but I believe the policy of adding carrying charges on past-due accounts is sound and warrants the earnest study and consideration of every community.

The Subject of Carrying Charges Is Covered In the Book, "Community Credit Policies"

The subject of adding carrying charges on past-due accounts is one of the most-discussed today. For this reason, those who are even remotely interested in this subject should read the revised edition of "Community Credit Policies," published by the National Retail Credit Association. This book describes in detail how carrying charge plans are operating in 33 cities.

Credit Control--The Most Important Retail Credit Problem And Proposed Solution

By LEO M. KARPELES*

Credit Manager, Burger-Phillips Co., Birmingham, Ala.;
First Vice-President, N. R. C. A.



LEST I be charged with plagiarism, I freely admit that my discussion will include the thoughts and opinions of many of our fellow credit granters as expressed in addresses, written articles and conversation.

"Credit Control," a problem under active consideration by our National Association since 1921, retains, nay even increases, its importance from year to year. In the past few years, the granting of long terms on "soft," as well as "hard," merchandise, has revolutionized credit selling—with such effects as these:

1. The ratio of charge volume to total volume has increased.
2. The ratio of volume sold on deferred payment plans to the total volume and to the open account volume has increased.
3. Collection percentages on open accounts have increased.
4. Collection percentages on deferred payment accounts have decreased.
5. Losses on open accounts have decreased.
6. Losses on deferred payment accounts have increased, in many instances, and are much higher than the losses on open accounts.
7. Total volume has increased.
8. Investment in outstanding receivables has materially increased.

The last fact, more than any theorizing on our part, will awaken our merchants to a realization of the necessity for strict, efficient and effective "Credit Control."

This brings me to my delineation of "Credit Control." Survey the varied activities of your credit and collection departments, from the initial application to the morgue file, from the prospective credit customer, through application or solicitation, to the final account, collected or never to be collected.

Every detail enters into your Credit Control. While many of these details have received special attention on this program, I must endeavor to weave them into the finished fabric.

First—Taking the Application: A personal interview is most desirable. This contact should develop antecedent history, as well as present employment and references, in order that a complete and detailed credit report can be obtained; and with the view that some item of information at the outset may assure collection of the account at some future date.

Most essential for the guidance of the credit granter is

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

an efficient credit bureau—not the in-file report kind, but one which clears, to date, employment, court record, and re-checked trade references, including antecedent information, often not supplied by the applicant, but appearing on previous checks on the master card of the bureau.

Let me digress just long enough to urge the clearance of all applications through the Credit Bureau, in order that you may at some later date be furnished any derogatory information that may be developed. Besides, there may be, already on file, information which could be ascertained from no other source.

Second—Passing the Account: Your letter or advice should be not a mere stereotyped notice that the credit will be or has been extended, but a definite statement of terms, including, where found necessary, a stated limit on the account. Where a "Community Credit Policy" is in force, a copy of such "Policy" should be inserted with the letter of notification.

Under any circumstances, there should be a definite expression and understanding of terms at the outset. Someone has well said that an account properly opened is an account half collected: this having special regard for the completeness of the report and the mutual understanding of terms.

Third—Placing the Limit—and this, to my mind, is a vital factor in "Credit Control." At least a tentative limit, unless unlimited credit is justified, should be placed on every account, more especially for the guidance of the authorizers. I will not enter into a technical discussion of any authorization systems or controls. Each of us must adopt what suits our particular needs best.

Factors entering into the limit are income, stability of employment, personal and trade record. Too often, we fail to analyze a report and anticipate changed circumstances and conditions.

Fourth—Handling the Account: The intelligent "refer" of charges and the report of over-limit buying by bookkeepers will act as deterrents to pyramided accounts. As your system should be flexible, so should your credit limits be flexible.

Remember the years of 1930 to 1934, when, too late, we attempted to reduce outstanding accounts which had accumulated and pyramided before we realized the changed status of many of our customers. My guess may be as good as yours, so using a slang expression, here I go, out on a limb, by predicting at least a moderate recurrence of that period within the next three years; a period when many firms may have to reverse their present

(Continued on page 24.)

Effective Plans for Increasing Credit Sales - Through New Accounts

By G. R. RAYMOND*
Credit Manager, Turrell's, Seattle, Wash.

THE title allotted to me designates a desire for something in order to create something; also that there must be a reason for this desire—and there is, for the National Retail Credit Association a number of years ago reported a survey on credit sales.

The report showed among other things that a customer having a charge account at a certain store will go past two or three similar stores in order to make her purchase, thus eliminating a certain amount of competition. Also, she will purchase higher grade merchandise and in less time than the same customer would on a cash basis.

To my knowledge this survey has never been repudiated, and my own experience substantiates this report. Therefore, the credit sale is a more profitable one, and as we are in business solely for profit, I am going to deal with this subject on a profit basis—proved by experience.

Many ideas have been presented to all of us with the sole purpose of increasing credit sales, and most of us have tried some of them. Lists containing the names and addresses of registered teachers have been prepared for sale, which we have used. Lists of doctors and dentists, of club members (who were also property owners) have also been used. The last list purchased was supposed to be an exceptional one, as the salesman was going to increase our credit sales through the proper contact at least 20 per cent.

The salesman, I remember, conferred with the merchandise manager to advise him to increase his orders so as to be able to supply the extra demand that was sure to come if this list was purchased—for a contact like this, from an exclusive high-grade shop like ours, was bound to be a huge success! This list contained the names of the income tax payers in the state who filed returns of \$5,000.00 and over.

As with the former lists, this one was approached by direct mail, and a very excellent well-balanced letter containing information that we were established in 1887, carried merchandise of unquestioned quality, rendered sales, delivery, and credit service of the highest type, and just made our store so tempting that most of these contacts were sure to be profitable ones. The results of this list, as well as the others referred to, were far from being profitable so far as credit sales were concerned, as the cost of addressograph plates, paper, envelopes, stamps, printing, etc., was largely borne by the Credit Department—as a credit promotion cost.

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

If there were cash sales made directly from this effort, and I have every reason to believe there were, as there are always some results from these contacts, the loss sustained, perhaps, was not as much as our analysis had shown. Now I am not condemning the use of these and other lists to be used for the purpose of increasing credit sales, but our own experience has proved that they are not profitable for the building up of credit sales in our store.

After these experiences I tried to analyze the reason for these unsuccessful attempts to draw new accounts to our store, and after considerable thought I suggested to the firm that we had been "casting too long a line" or "using the wrong bait," and that I thought we were neglecting what was already within our reach: our cash customers.

So, for the past several years, we have relied on personal contact by our salespeople with the cash customers for our new prospects. We have stopped looking at the green grass in the other fellow's yard, and have applied ourselves to making our own grass greener.

Plan Number One: Salespeople in closing a sale are instructed to say, "This is a charge?" This often brings out the statement, "No, I do not have an account here." Then it is the salesperson's opportunity to invite that customer to the credit office to open an account, telling her of the many advantages of having the complete record of

all purchases, early notices of our semiannual sales, etc.

Nearly all of our new credit sales come through this avenue, and as our total sales are increasing, our credit sales have increased to a greater percentage than they have reached since 1929, being now about 50 per cent credit sales as against 55 per cent in 1929, and 33 per cent in 1932. So I am satisfied that we are on the right track for profitable credit customers. You will please note that there is very little cost attached to the securing of these new accounts.

This plan also develops additional personal service in the salesmen, for the responsibility of all contacts are in their hands. The Credit Manager, realizing the value of these contacts, often brings this matter up with the individual salesman in order that more of our cash customers may be made profitable credit customers.

With this thought of service in mind every progressive firm, of course, expects the salesmen to appear well, to be courteous and to show an interest in the customers' desires and intelligently serve them. The firm expects from the floor man to the delivery man the same thoughtful courtesy. With this expectancy realized, you will have within your organization a magnetic force that will at-



tract new customers to your store and retain the old ones. Truly of inestimable value—it costs nothing and builds greater profits.

Plan Number Two: The listing of checks given on cash sales. The individual who issues checks today is far more substantial than he was a few years ago, owing to the demands of the banks, and is, therefore, a more desirable prospect than he has been for some time. These names and addresses are placed on cards, the directory checked for business connections, and alphabetically filed, and addressograph plates are made and placed in our regular mailing list.

When the second check is received, as payment for merchandise, a letter is sent to this customer thanking her for past patronage and suggesting that she may not know that we extend the courtesy of charge accounts as a convenience. If she desires (it continues), we would be pleased to hear from her and make the necessary arrangement.

We find that a great many former credit customers have been weaned away from charging their purchases and will have to be handled through the "convenience argument," in order to bring them back into the fold. This list is exceptionally valuable to our customers residing outside the city, as there is the presentation of having their complete record on file, so that in case of necessity they may send for a selection of merchandise with a reasonable assurance that the size will be correct.

We also inform them that our Mail Department carefully selects the styles and promptly forwards their order and that this service might save them a trip that, without a charge account privilege, would be necessary. Many accounts can be opened through this plan.

When we stop to realize the number of prospects who pay cash and the limited amount of effort that is used to influence these prospects to establish their credit in order that our credit sales may increase, we can see that the ground is hardly scratched over and that a lot of our work is left undone; with this in mind and the extra profit angle in view, it should spur us on to use more effort in this line of development.

Plan Number Three: This is the handling of our men customers and comprises the style, size, and width of shoes last purchased. The salesman checks his own stock to see that a duplicate is on hand, as men's styles seldom change, then writes to this customer stating that it has been nearly a year since he purchased the last pair and he thought it best to notify him of the fact that we could duplicate these shoes for him at this time, and would be pleased to deliver them, as this would save his shopping for them.

We find that men do not care to be called on the telephone relative to a matter of this kind, and so have adopted this direct mail plan. This type of list goes to our out-of-city-customers, as well as the local ones, and has reopened many an account that might not have been reopened without this personal interest, and, therefore, increases credit sales.

Plan Number Four: All of our credit customers are contacted at least twice each year, with announcements of our semiannual sale, and this is kept up for a period of five years, and longer if the name appears in the late directory. We have had many experiences where customers, who have been contacted for a long period of time

with no visible results, have made the remark, "Turrell's never forget to let me know of these specials, and, therefore, do not let me forget Turrell's."

Or, they have stated, "I have been paying cash of late, but believe I will reopen my account." So direct mail and personal contact do build up credit sales, especially when the contact is with one of our own customers. The fact that we are experiencing but 4 per cent rejection and operating on less than $\frac{1}{2}$ of 1 per cent charge-offs shows conclusively that the plans now in operation must be good ones.

The Credit Department is in a way directly responsible for the carrying out of these plans and, controlling 50 per cent of all sales, as is now our case, certainly has its part to do in holding the high goal set by the management in obtaining new and retaining old customers' good will. In order to profitably conduct a credit department and, as formerly stated, *profits are what we are aiming for*, as the more profit we make the more substantial an organization we build, authorizations must be scientifically handled, for we cannot show a profit without a reasonable collection percentage turnover.

So every account that is "Up to the limit" placed on it, or additional charges coming through with unpaid balances must be referred to the Credit Manager or assistant to authorize or contact. At this point, the utmost courtesy and diplomacy must be used in order to maintain the customer's good will, and at the same time protect our collection percentage turnover, which spells profits.

The new "account" who has been a cash customer and whose record at the Credit Bureau is such that we cannot authorize the charge is another case where the utmost courtesy and diplomacy is required, but in our case with only a 4 per cent rejection, these trials are few, and we find that when properly presented with the facts, the temporary resistance is soon broken down, and the customer is at ease. Yes, the Credit Department has a great deal to do in the building up of this structure of good will, and when properly conducted it results in greater profits.

I have referred to plans that would set bait to catch the other fellow's customer, and I have referred to the plan of inside service with our own customers to develop our own business. This last plan has proved profitable. I have referred to the grass in the other fellow's yard being greener, and you all know the story of the farmer boy who stole apples from the neighbor's farm, when a whole orchard of apples was in his own farm.

I am reminded of the question in the Scriptures, "Where is the kingdom of heaven?" and the answer, "Some say lo, here, and some say lo, there, but the kingdom of heaven is within you." This makes heaven a present possibility. Can we not apply this principle to our business and ask, "Where is there good credit business?" and the answer comes, "Within you."

This should awaken us to the realization that we must develop the latent abilities into a higher accomplishment and make success a present possibility. Our pearl of great price is not in the other county or state, nor on the other fellow's farm or on our neighbor's lawn. It is at our feet and only requires us to pick it up and use it.

(Continued on page 19.)

The Nation's Collection Percentages

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY		
	1937			1936			1937			1936			1937			1936			1937			1936			1937		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.	53.6	62.0	45.7	53.9	84.1	49.7	14.8	21.4	13.9	14.8	21.0	14.5	55.8	61.0	44.5	55.7	63.0	45.0	—	—	—	—	—	—	—	—	—
Providence, R. I.*	—	—	—	49.0	56.0	48.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	50.3	61.0	41.7	49.6	62.0	42.1	—	—	—	—	—	—	—	—	—	—	—	—	14.9	18.5	11.3	16.9	21.9	12.0	2.2	—	—
Springfield, Mass.	59.1	63.5	54.7	58.4	62.7	54.1	15.2	19.0	11.3	15.3	19.7	10.8	—	53.8	—	—	51.3	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	48.0	49.2	46.3	49.9	53.8	48.2	20.9	24.8	17.0	23.0	26.1	20.0	37.0	46.0	24.3	39.8	55.0	24.5	—	—	—	—	—	—	—	—	—
New York City	48.9	63.3	43.2	49.5	65.3	42.0	18.9	21.5	13.4	20.1	23.7	13.1	44.6	54.2	36.1	45.8	60.4	32.0	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	50.4	54.6	47.4	50.3	52.9	47.5	15.4	18.9	12.8	17.9	24.4	15.2	49.3	54.6	40.0	50.3	57.3	43.5	—	—	—	—	—	—	—	—	—
Reading, Pa.	50.7	53.7	49.7	52.5	57.6	50.4	—	20.0	—	—	18.8	—	—	41.0	—	—	38.0	—	—	10.8	—	—	—	12.7	—	—	—
Syracuse, N. Y.*	—	—	—	40.8	44.7	37.4	—	—	—	16.8	20.3	16.6	—	—	—	46.1	48.5	43.8	—	—	—	—	—	13.4	—	—	—
Utica, N. Y.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	42.1	53.5	35.5	43.9	53.6	41.2	12.4	13.8	8.5	14.0	16.5	10.9	—	—	—	—	—	—	—	9.9	—	—	—	—	—	—	—
Huntington, W. Va.	—	55.7	—	57.7	60.0	50.5	—	8.7	—	11.3	13.7	9.0	—	—	—	—	—	—	—	—	—	—	—	10.5	—	—	—
Baltimore, Md.	43.9	49.0	37.4	44.0	49.4	36.4	14.9	23.8	8.1	15.7	25.8	7.7	39.7	41.1	38.1	39.9	43.2	38.1	—	—	—	—	—	—	—	—	—
Birmingham, Ala.	42.2	46.1	37.2	42.3	44.8	40.0	16.3	17.7	13.7	17.0	23.4	18.1	41.2	41.3	41.1	43.9	46.0	41.8	12.6	13.0	12.3	12.7	12.9	12.5	—	—	—
Atlanta, Ga.	35.0	35.0	35.0	39.6	41.0	38.3	13.8	14.2	13.4	15.1	15.3	15.0	33.1	35.6	30.7	32.8	34.0	31.6	12.0	12.2	11.9	13.9	14.5	13.3	4.8	—	—
Kansas City, Mo.	56.0	77.2	46.3	53.7	79.6	48.6	—	15.9	—	—	16.5	—	53.1	59.5	45.7	56.0	57.8	47.3	12.7	14.0	11.5	13.5	14.0	13.0	—	—	—
St. Louis, Mo.	55.1	64.8	47.2	54.3	62.4	48.1	18.7	20.7	17.3	20.3	24.6	17.5	43.2	47.0	41.1	45.1	48.7	42.4	—	17.3	—	16.6	17.0	16.3	—	—	—
Little Rock, Ark.	35.3	35.4	35.2	39.0	40.2	37.8	18.0	19.7	15.3	13.4	17.0	9.8	—	52.5	—	—	52.6	—	14.8	15.9	13.7	14.2	14.5	13.9	2.2	19.0	3.0
Cleveland, O.	46.6	51.0	42.9	46.0	52.9	44.8	17.9	27.8	12.5	15.0	33.0	13.4	43.8	44.0	42.4	43.2	44.3	39.5	11.5	14.3	9.3	13.7	15.1	9.6	4.7	39.4	4.0
Cincinnati, O.	53.6	59.6	47.0	50.1	55.8	45.4	16.9	20.6	14.2	15.6	28.0	13.4	45.5	48.9	41.2	50.7	62.7	43.4	—	—	—	—	—	—	4.7	47.4	5.0
Columbus, O.	45.4	55.5	44.7	48.4	54.4	45.0	12.7	13.0	12.5	14.8	16.4	13.3	53.0	57.5	48.6	54.1	59.4	48.8	12.7	45.0	11.0	16.4	40.0	13.3	—	—	—
Toledo, O.	46.0	53.6	43.0	46.5	52.1	46.2	16.9	19.2	16.6	19.8	20.2	19.2	50.4	60.1	47.9	51.0	65.0	48.4	—	17.3	—	17.7	20.4	15.0	4.9	40.0	4.0
Youngstown, O.	45.8	46.8	44.7	47.5	48.0	47.0	14.9	16.8	13.0	17.1	18.1	16.1	29.8	41.0	18.6	36.4	41.1	31.6	—	17.1	—	—	16.1	—	—	—	—
Detroit, Mich.	54.2	66.4	41.4	57.1	69.0	44.0	21.2	24.7	16.7	23.1	27.6	20.1	54.8	57.7	51.5	56.0	60.0	51.9	—	—	—	—	—	—	7.7	70.0	6.0
Grand Rapids, Mich.	48.2	51.0	44.6	50.4	54.0	45.4	—	—	—	—	—	—	46.8	63.0	39.3	47.9	69.6	30.0	17.4	23.7	12.4	19.7	23.6	11.8	—	—	—
Milwaukee, Wis.	50.2	59.5	48.2	51.7	58.2	47.0	19.8	20.0	18.5	21.7	23.2	17.4	—	—	—	—	54.7	—	—	12.0	—	—	22.0	—	6.0	—	—
Springfield, Ill.*	31.2	42.8	15.5	29.6	40.8	5.5	—	—	—	—	—	—	30.4	31.7	29.0	29.0	29.9	28.0	23.1	38.5	13.2	19.2	23.5	14.5	—	—	—
Duluth, Minn.	52.5	57.5	47.6	52.9	55.4	50.4	23.1	26.3	19.9	22.9	25.8	20.0	47.1	55.6	37.0	51.2	64.4	38.0	—	—	—	—	—	—	—	—	—
St. Paul, Minn.	55.2	59.5	52.0	55.3	61.0	48.5	—	—	—	—	—	—	41.6	47.5	32.0	48.3	49.4	47.3	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	65.8	70.1	61.4	66.1	69.9	61.9	18.2	21.9	12.7	20.0	24.9	13.6	60.5	61.8	59.1	55.4	58.4	52.4	—	—	—	—	—	—	—	—	—
Davenport, Ia.	52.6	54.3	50.9	53.7	54.1	53.3	17.2	19.3	15.1	16.2	16.4	15.8	—	47.6	—	—	48.0	—	17.4	18.7	16.2	23.2	26.0	20.4	6.5	—	—
Cedar Rapids, Ia.	56.0	61.0	51.0	59.0	65.1	48.8	20.9	23.0	18.9	35.1	45.0	25.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	39.1	45.8	34.0	43.6	52.1	35.1	—	11.4	—	—	13.2	—	46.8	51.3	42.0	51.0	55.2	46.0	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	—	48.0	—	43.8	44.6	43.0	—	15.3	—	16.1	17.0	15.2	—	40.5	—	—	40.0	—	—	—	—	—	—	—	—	—	—
Omaha, Neb.	—	46.0	—	—	48.4	—	—	—	—	—	—	—	42.0	44.1	37.7	43.3	47.3	40.0	—	—	—	—	—	—	—	—	—
Tulsa, Okla.	63.0	66.2	62.7	62.5	62.6	62.0	14.0	15.6	12.2	15.0	15.1	13.6	47.5	52.0	42.4	57.8	62.0	35.4	—	—	—	—	—	—	—	—	—
San Antonio, Tex.	40.0	44.1	37.7	46.1	48.7	43.6	—	13.2	—	12.5	13.6	11.5	49.0	51.0	47.3	49.9	51.1	48.7	11.8	12.4	11.2	14.9	15.6	13.7	1.9	—	—
Denver, Colo.	45.2	49.3	44.7	46.1	48.7	43.6	16.9	24.5	13.2	14.8	15.5	13.6	47.0	49.3	44.8	43.8	43.9	43.6	—	12.1	—	—	13.0	—	2.3	—	—
Salt Lake City, Utah	55.5	58.8	50.0	57.6	64.5	53.8	19.6	25.7	14.8	19.2	23.9	15.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	80.8	111.6	50.0	78.1	108.8	47.5	—	—	—	—	—	—	—	—	—	42.0	44.0	40.0	—	—	—	—	—	—	—	—	—
Portland, Ore.	41.4	61.0	34.3	40.6	64.0	34.5	13.3	16.0	13.1	16.0	17.0	14.3	43.6	45.0	42.2	42.3	43.0	41.7	—	—	—	—	—	—	—	—	—
Spokane, Wash.	50.7	51.8	49.6	60.8	68.3	53.4	13.6	15.6	11.6	14.6	15.5	13.7	37.4	45.0	29.9	42.5	44.0	31.1	—	—	—	—	—	—	—	—	—
Tacoma, Wash.	45.1	48.3	41.9	46.4	46.7	46.0	17.3	19.8	14.8	19.4	20.7	18.2	—	—	—	—	29.5	—	—	18.1	—	18.1	20.0	16.2	—	—	—
San Francisco and Oakland, Calif.	45.1	50.0	35.7	47.7	52.6	32.7	16.7	23.3	13.6	17.9	35.1	13.8	37.2	49.0	29.9	38.1	49.8	30.2	15.1	27.6	10.1	17.8	24.6	12.0	—	—	—
Los Angeles, Calif.	62.1	66.3	52.4	62.7	65.8	55.4	19.4	21.6	17.0	21.3	24.3	20.1	54.0	57.0	51.0	56.1	60.8	51.5	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	48.7	57.5	30.8	50.9	59.4	44.1	—	—	—	—	—	—	54.4	72.4	43.6	61.2	81.4	43.8	—	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	37.4	54.9	29.0	—	—	—	13.6	17.8	12.4	—	—	—	30.9	39.5	27.6	—	—	—	10.7	12.6	9.0	—	—	—
Vancouver, B. C.	61.6	66.7	56.5	66.2	72.5	59.8	22.2	25.1	19.3	26.3	29.9	22.6	—	45.0	—	—	51.7	—	—	15.6	—	—	14.3	—	—	—	—
Victoria, B. C.	60.9	61.0	60.9	58.0	62.0	54.0	23.2	30.0	16.5	25.3	33.0	17.6	—	51.1	—	—	47.3	—	—	—	—	—	—	—	—	—	—

* 1937 Figures not received at press time
* Open and Installment accounts combined

* Installment
* Furriers

* Plumbing
* Lumber

* Paper and Paint
* Fuel

* Cleaning and Dyeing

* Optician
* Grocery

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AUGUST, 1937

The Credit Bureau and Its Contribution To Business

By GEORGE FAIRLEY*

Executive Manager, Duluth Retail Credit Association, Duluth, Minn.; Charter Member, National Retail Credit Association

THE title of this address recalls to my memory the history of retail credit reporting service during the past 30 years. Let us look back to 1906. We find about 200 retail credit agencies scattered throughout the United States, a large majority being located in the New England States.

The National Association of Mercantile Agencies was organized in 1905 and practically all the retail credit reporting agencies were members. The N. A. M. A. members had a big job to perform.

This national organization held annual conventions, for the purpose of promoting personal acquaintance, exchanging ideas, and encouraging cooperation between its members. The retail credit bureaus were not known in those days, due to the fact that the only national organization was limited in its capacity to organize new agencies or bureaus.

Up to 1910, the inter-bureau credit service was very limited and the demand for credit service was on the increase every year. The subject of national credit reporting was quite generally discussed at the annual conventions. Many plans were submitted to increase the number of credit reporting agencies.

During the early part of 1912, a special committee worked out a plan to organize the retail credit managers in the larger cities. This committee developed their plans from Minneapolis. A general letter was mailed to as many retail credit managers as were known at that time.

This organization committee well realized that, with a national organization of retail credit managers, we would have many possibilities of organizing new credit agencies or bureaus throughout the country and by so doing we would be better fitted to cope with the increasing demand for credit reporting service.

The N. A. M. A. annual convention was held at Spokane, Washington, August, 1912. The organization committee was very happy to welcome some 40-odd credit managers of which the city of Spokane, Washington, supplied the majority.

The organization meeting was held on August 17, 1912. Mr. Sherman L. Gilfillan was elected president, and Mr. O. R. Parker of Minneapolis was elected secretary. We owe a debt of gratitude to these two men, for their foresight and unselfish service in pioneering this organization.

The new organization was known as the Retail Credit Men's National Association. The officers and directors were selected from among the retail credit managers and the credit agencies' managers.

The paramount plan as outlined by the two organizations was, first, to enlist as many retail credit managers

as possible into the folds of the Retail Credit Men's National Association; second, to encourage the organization of retail credit men's associations in many of the cities. This plan seemed to work out very successfully and the membership increased in great numbers.

The next national movement was to organize and establish retail credit bureaus and associations in many of the cities that did not have such service available. This part of the plan worked out very successfully and the number of agencies, bureaus and exchanges increased to great numbers.

We all enjoyed several years of this cooperative national organization work, when it was suggested that a consolidation program be worked out that would enable the credit bureaus, exchanges, and agencies to merge with the Retail Credit Men's National Association and eliminate duplication of effort and expense. This plan was completed and the national name was changed to the National Retail Credit Association.

The credit agencies, exchanges, and bureaus were merged into a new department then titled the Credit Service Exchange Division of the National Retail Credit Association.

The membership in the National continued to grow and quite naturally the Service Division members increased with the natural increased demand for a greater credit reporting service.

During the first 15 years of our development of credit reporting bureaus, the retail credit granter fully realized the value of this improved service and quite naturally laid plans to increase the credit volume and, as I recall some of the early statistics, the credit volume had increased to that unexpected, unbelievable amount of several billions of dollars.

We were all entering a new era in credit granting. The large chain stores' organizations offered the public a convenient, easy-pay plan to buy merchandise on contract. With this new service to the public, the demand for national consumer credit reporting service increased very materially.

With the new developments in retail credit granting and the fast changing conditions in the producing of reliable credit reporting service, another new plan developed in the early part of 1934.

The membership of the Credit Service Exchange Division had increased to something over 1,200, and within the membership, there was developed a new national service organization.

The National Consumer Credit Reporting Corporation was organized in 1934. Each credit bureau, credit exchange and agency became a member, and the new national organization took over the assets and liabilities of the Service Division of the National Retail Credit Association. This new National organization and its more

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

than 1,200 reporting offices have completed a national credit reporting service by establishing credit reporting agents and correspondents at practically every post office, city and town, throughout the United States.

National Consumer Credit Service is available to all credit granters, regardless of the size of their business or its location.

It is gratifying to note from the statistics that in the files of the members of the National Consumer Credit Reporting Corporation, we have in excess of 60 million credit rating records that are subject to call from any retail credit granter throughout the United States and many foreign countries.

You will also recall that during the depression days, the United States Government set up many branches, intended to relieve the consuming public. The members of the N. C. C. R. C. rendered a very necessary service to the Home Owners Loan Corporation in its efforts to save hundreds of thousands of mortgaged homes that would have been lost during those days.

You are also reminded that the credit bureaus, exchanges and agencies throughout the land rendered a very much needed service in connection with the Federal Housing Administration. Many hundreds of thousands of character credit reports were furnished which enabled property owners to finance repairs and improvements to their property.

We may dwell for an indefinite period on the credit service to business, but we should be mindful of the service that the credit bureau renders the consumer or credit buyer. We, like most all the members of the N. C. C. R. C., have the pleasure of writing credit reports on credit buyers who move from one part of the country to the other, and the credit bureau service enables them to establish their credit in the same degree that it was previously established (in the community from whence they came) and this experience warrants us to say that this is one service to society that is appreciated beyond our keenest imagination.

The credit bureau has aroused a national interest and a greater national spirit in matters pertaining to the credit interests of the country—and has developed a greater uniformity in thought and action.

It has made its contribution toward breaking down sectionalism as affecting the larger issues of the business of the nation.

The credit bureau has:

1. Fostered methods of education in retail credit and general credit methods, practices, and policies for the benefit of the merchants, the credit managers, and the general public.
2. Promoted and fostered uniform and standardized methods of operation and control in the promotion and extension of retail credit in its varied forms.
3. Promoted and fostered uniform terms of payment and methods of collection of retail accounts, thereby safeguarding and protecting the interests of the credit granter and the public alike.
4. Guarded against legislation affecting retail credit interests and has encouraged the passage of laws, federal and state, needed for the equal and just protection of honest debtors and creditors and beneficial to the commerce of the nation.

Reducing Merchandise Returns --

(Continued from page 9.)

Government agencies, national women's organizations, women's magazines, alert manufacturers, are all bent today on educating the consumer how to buy. But the store that equips its salespeople with full knowledge about the purpose, use, fashion value and care of the merchandise they sell has an educational contact with the consumer that is immeasurably more advantageous to both the customer and the store!

In conclusion, ladies and gentlemen, we would like to make one further observation from our experience in this campaign. The trade territories of *very few* of the outstanding retail stores of America can be measured definitely by geographical boundaries. In order, therefore, for any store or any community to reap the greatest benefit from such an educational program, it is important that this program be carried on not only in one locality but that it be carried on the country over so that certain practices relating to returns will become generally established.

Like educational programs aimed at prompt settlements of obligations (as carried on in our Pay Promptly Campaigns), this work will grow in its effectiveness when similar campaigns are in progress throughout the nation. We commend to you that well-thought-out and well-directed campaigns along this line will bear fruit in the form of lowered operating costs to your representative businesses which may in turn be reflected in the price of the merchandise you sell to your patrons, and in the net profits you reap from your endeavors.

Effective Plans for Increasing Credit Sales --

(Continued from page 15.)

These prospects, as I see them, are like our talents. We develop our talents and in turn they pay good dividends—sometimes fame and fortune. When these same talents go undeveloped, they decay and are lost. So with our prospects for credit sales—if they are not worked on, the extra profit assured is lost. We have our credit sales customers within our reach and by personally interesting them in our service we are most certain to adopt a clientele that will attract additional profitable credit customers to our organization.

The desire to increase credit sales is not altogether a selfish one, for the credit manager knows that the more people in a community who are educated to use their credit properly, the stronger the community and the more reliable our citizenship. Also the individual who builds up a good credit record for a period of several years has a reference of unquestionable value which he would not have on a cash basis. So we are building good citizenship when we build up our credit sales.

So as I see it, the secret of success in building up our volume of credit sales is to see that our own house is clean and in order, materially and mentally—that our employees who contact our customers render courteous, efficient service—that the departments function according to rules—that the correspondence and all details are as we would like to have them were we in the customer's place. This is the golden rule, a rule that has never been questioned and that has always paid good dividends when honestly applied.

CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

QUITE often, in these pages, we have discussed the desirability of making every letter a "selling" letter—of trying to "sell" a proper understanding of credit terms (and good will for the store) in every communication.

This month, we have two outstanding examples of this practice—two letters so good that we are going to take them apart and analyze them for you.

The first is the Mueller Lumber Company letter—shown in *Figure 1*—which, although a "final" letter in every sense of the word, still does its utmost to effect a friendly settlement. It proves that even an ultimatum can be courteous!

Notice the first sentence: Not, "We are disappointed in you" or "We have reached the limit of our patience with you," but "Frankly, we are reluctant to send your account to our lawyer for collection."

That leaves the impression with the debtor that these are nice people who do not take any pleasure in bringing suit against a one-time customer. The next sentence strengthens that thought: "You have done business with us for some time and we believe in your good intentions."

Good psychology—loads of it—in that sentence. For, unless the customer is calloused beyond ordinary human reactions he will appreciate the implied compliment and try to live up to the creditor's belief in his good intentions.

Then the "explanation" part of the letter—the *strengtheners*: "After all, lawyers do have a way of getting the money—" with the sobering reminder of costs and unpleasant consequences.

Next, it shows the way out. And from there on, the letter is very definite, even to the closer: "It is entirely up to you."

The other letter, *Figure 5*, submitted by Leonard Berry, Credit Manager of B. Forman Co., is an out-and-out "credit-explanation" letter. Courteously and with dignity, it shows the customer the exact condition of her account. Then it proceeds to put across a real "prompt-pay" message.

Figure 2 is a new collection idea—the "Colvelope." It is an ingeniously made "envelope within an envelope," so arranged that the outside flap and the store's message may be torn off and the remaining envelope used by the customer for mailing his remittance back to the store.

On the reverse side of the open flap (at the top) is

printed the "business reply envelope" indicia so that the store pays the postage on the customer's reply.

Mr. W. E. Greenwood, Manager of Credit Sales, Pomeroy's, Pottsville, Pa., sent it in with this comment: "In the past, we had considerable difficulty in securing action on accounts which our Credit Department representative (outside collector) found 'not home.' However, since using this Colvelope, our response, on accounts from one to six months old, has averaged about 60 per cent on returns and has eliminated considerable time and expense on repeat calls. I follow your Credit Department Letters very religiously each month and find them very excellent and helpful." (*Thank you, Mr. Greenwood!*)

Mr. Greenwood also uses Colvelopes with a different collection message, for mailing delinquent notices on deferred and open accounts. He says this reduces postage expense considerably as only 1½¢ postage is required.

Figure 3 is an unusually good letter thanking the customer who "comes back." It is individually typewritten on an engraved, "deckle-edge" four-page, note-size letterhead. *Figure 4*, an inactive-account letter, is one of the finest I have seen!

A new kind of money for your customers



THAT
SAVES
MONEY
FOR YOU!

Rand McNally BUDGET COUPON BOOKS

Scores of leading department stores have made this welcome discovery: Rand McNally Budget Coupon Books are increasing their present volume of business, are doing away with expensive bookkeeping, and are reducing their credit risks.

Rand McNally Coupon Books are usually issued in amounts from \$5 to \$50 on consumer terms of 20 or 25 per cent down and the balance payable in four or five monthly installments.

Shoppers are enthusiastic about this new idea because the Coupon Books save time. And for the store, they stimulate buying. But, by limiting credit, they offer a practical solution to the old collection problem.

For complete information and samples, write Rand McNally & Company, Dept. CW-8, 536 South Clark Street, Chicago, or 111 Eighth Avenue, New York.

Special Notice

Holders of Certificates of Indebtedness issued by the Retail Credit Men's National Association in 1922 are urged to send them to the National Office for redemption. (Records of holders of these certificates were lost in moving the offices several years ago.)

Certificates totaling \$360.00 are still outstanding and will be redeemed as presented with interest to the callable date of 1927. (No interest after callable date.) They are redeemable at \$10.60—\$10.00 plus one year's interest.

MUELLER LUMBER Co.
 BATESPORT, IOWA
 OFFICE OF
 BEN C. MUELLER

October 17, 1935.

①

Frankly, we are reluctant to send your account to our lawyer for collection. You have done business with us for some time and we believe in your good intentions. After all, lawyers do have a way of getting the money, but in the end it costs you more and often leads to many unpleasant consequences. So, we are going to give you every chance to avoid outside collection of your account.

It will be necessary for you to do your part though. A payment of a part of the account by the 10th and satisfactory assurances on the balance is what we consider your part now.

It is entirely up to you.

Yours very truly,

MUELLER LUMBER COMPANY

POMEROY'S, Inc.

100-104 So. Centre St.
 POTTSTOWN, PA.

Dear Customer:

Our Credit Department Representative called today at your home for the purpose of discussing your past due account. As you were away and he was unable to see you, we shall greatly appreciate your using the attached stamped envelope in sending your remittance to bring your account up to date.

Yours very truly,

POMEROY'S, Inc.
 Department of Accounts

DETACH ALONG THIS LINE AND INSERT IN ENVELOPE

②

POMEROY'S, Inc.

100-104 So. Centre St.

POTTSTOWN, PA.

FROM

U



OFFICE OF
 WILL J. ECKER, JR.

July 21, 1937

④

None of us like to be forgotten by old friends or old customers, and it seems like it has been a long time since we had the pleasure of serving you.

Perhaps you have needed nothing in our line or perhaps we have been amiss in not reminding you of our facilities for the creation and production of both business and social stationery; and of our shop specializing in fine printing.

It was a pleasure to serve you before, and it will be a pleasure to serve you again.

Our telephone number is Garfield 0123.

Sincerely yours,

WILL ECKER & CO.

Will J. Ecker, Jr.

B. FORMAN CO.
 CLINTON AVENUE SOUTH
 ROCHESTER, NEW YORK

⑤

GIMBELS-MILWAUKEE

⑥

③

I want you to know how deeply I appreciate your renewing your account here at GIMBEL'S.

Be assured that everything within the power of our organization will be done to merit your continued confidence and to hold your valued patronage.

Should any difficulty or misunderstanding arise at some future time, I would appreciate your telling me about it at once.

And thank you so much.

Most cordially yours,
 GIMBEL BROTHERS, INC.

Credit Manager.

A. C. Wohl
 J.B.

As a valued charge customer of long standing, you are entitled to every consideration from us in the matter of your account, and we hope that our communications to you reflect this sincere attitude of helpfulness and cooperation.

Of course, credit is gladly extended as a convenience and accommodation, but depends on the willingness and ability of the customer to make the transaction completely satisfactory.

Because we have every confidence in you, and because we feel sure we can ask for your cooperation, we are now asking your especial attention to the condition of your charge account with us.

Below we have analyzed your present balance month by month to show you that part of your account is quite past due, according to our thirty-day credit policy.

We count on your desire to be fair to us, and your wish to protect your credit standing when we suggest you send your check at this time to bring your account up to date.

You are assured of our sincere appreciation of your patronage and friendship, and we hope to always deserve your approval.

Yours very truly

B. FORMAN COMPANY

LB:DS

Credit Manager

Analysis of your Account:

In Times Like These!

By DR. W. J. HINDLEY*

Manager, Washington Merchants Association, Seattle, Wash.

IT IS a real pleasure, after twenty-five years, to appear again upon one of your programs. Twenty-five years ago, as your President told you, I delivered the address of welcome in my capacity as Mayor of this city, and I can very well remember the hopes and ambitions and programs and plans that characterized your assembly, twenty-five years ago, and it is fine for me now to listen to a recapitulation of the achievements and the accomplishments of those twenty-five years, as outlined in the address of Mr. Gilfillan.

Editor's Note

Dr. Hindley (at that time Mayor of Spokane) gave the address of welcome to the first gathering of credit men in Spokane in 1912. His inspirational address to the same group 25 years later was both fitting and timely.

The times in which we live are times of reconstruction. It is always harder to rebuild than it is to build. Reconstruction is always more difficult than construction. It is easier to train a boy and keep him in the straight and upright way than it is to reclaim him after he has gone wrong.

Communities find it more economical to invest money in preventive measures than to spend money in the recovery of lost morals or manhood. It is cheaper to man Boy Scout camps, it is cheaper to organize and supervise the sports of our young people, than it is to build juvenile courts, detention homes, and other penal institutions.

Construction is easy; reconstruction is difficult. And because our age is an age of reconstruction, it requires an exceptional type of intelligence, of application, of vision, of patience, and of technique. The most difficult periods in the history of this country were the periods following the great wars.

The years ensuing between the Revolutionary War and the adoption of the Constitution and its first application to the states were the most difficult years of all of that generation. The post-war period of the Civil War, the "Carpet Bag" regime—recently brought again into light by that very popular seller, *Gone With the Wind*—was perhaps the most difficult period in the administration of national government.

And what was true of the War of the Revolution and true of the Civil War is true in this post-war era in which we are living today. Everything is being rebuilt and, because of that fact, the builders must have their plans, their specifications, their vision, and their materials.

In the rebuilding of a nation, the credit structure is a vital part. The two main shafts in the arch of American commerce are manufacturing and distribution, and

the keystone of it all, that holds these two main shafts together, is the keystone of retail credit, and if that is faulty or misplaced, the structure is in danger of dissolution. No citizens in this country have a greater task in this reconstruction era than those who supervise the credit systems of the business of today.

We are writing a new book, setting up a new structure, and there never was a time when the skilled and scientific application of credit to business meant as much to national recovery as it does in these times in which we are living. With all the wreck and debacle of war and out of the débris, we are raising a new structure. As the poet says:

"Our hope is in the aftermath,
Our hope is in triumphant men,
Star led—to build this world again."

And you are among its builders!

Then, too, these are times of financial readjustments. I do not need to go into the question of national money, but to tell you that, because of those adjustments, the application of credit is one of very highly scientific demand. To contract an obligation on the dollar valued at a certain amount, today, and to have to repay that obligation with the dollar of lesser amount, tomorrow, involves the very basic soundness of our whole economic system. The devaluation of the dollar, or the inflation of its value, or the reflection of these things in the cost of merchandise, as must happen—all of these things are a part of this problem of the times in which we live.

There never was, perhaps, a greater incentive to buying than this period of uncertain dollar values. People are tempted to invest their money in capital goods, in those things that have, more or less, an element of permanency: The construction of homes, the furnishing of homes, the buying of automobiles, the use of travel, transportation, and all those things. The dollars of today are buying their full value in the mercantile world, whereas the dollar of *five years from now* may be of a different valuation.

So we are entering a buyer's market, and a buyer's market is always a questionable market for the granter of credit. It is a time when he must lay carefully and truly the foundations of each individual account.

The slogan is nation wide: "Buy wisely, buy economically, if you please, but buy now." And these periods of financial readjustments are moving people into great volume buying at this particular period.

Then in the third place, I want to call your attention to the fact that, in this age, we are writing a new chapter in social science. We are passing from the individual to the group, from one outlet to industrial planning. Today, whether we like it or not, the group spirit is dominant in the business world. The day of the isolationist and the individualist has gone, and we think now in terms of the industry, be it the grocery industry, the dry goods industry, the automobile industry, or what have you.

*An address before the Silver Jubilee Convention, N. R. C. A., Spokane, Wash., July 15-18, 1937.

And into the terms of industrial planning, each individual enterprise has to more or less enter. The individual does not lose his responsibility, nor does he submerge his rights to that point of oblivion or complete exclusion, but he merges them in a program of wider and greater significance.

I think we can make the statement, today, that no man has a right to enter business, now, who expects to run that business to suit himself. Men in this country have always said: "Well, this is my own business, and if I can't run it the way I want to run it, I will not run it at all."

"Every credit risk is a moral risk, every credit hazard a moral hazard, and the future is going to be determined not so much by our economics as by our morals."

If you want to run your business in the interests of the industry of which you are a part, and the people whom you serve, well and good; but to run your business to suit yourself is all over. That program is washed out. The public, the industry of which you are a part, the workmen who comprise your pay rolls, are all entering into the picture, and no man can run a business, today, as an individualist.

In Europe, this idea has carried over from the group into the state and the individual has been lost in his submergence to the rights and ownership and dominance of the state. How far we are going in these social readjustments in this country, I do not know, but just now the group is surely dominant.

This new chapter of social science, that we are writing today, is still largely in the prospectus. We know what the syllabus is, but we are not sure about the conclusions.

My last thought about these times in which we live is on the moral attitudes of these times, for, in the last analysis, it has often been said that every credit risk is a moral risk, every credit hazard a moral hazard, and the future is going to be determined not so much by our economics as by our morals. The spiritual elements in life are more than the material.

In credit granting, as you well know, the character of the individual often counts for more than his capital. And the moral attitudes of the age in which we are living are serious when you come to analyze them.

I told you, a minute ago, the periods of reconstruction require a higher type of mind, a higher type of character, a higher type of efficiency. That is true. This period requires a higher morale.

It takes higher morals and ethics to dominate an age of reconstruction, an age of mass formation, than it does an age of individualism. It takes a higher conscience to deal with people in the group than it does with people as individuals.

There are thousands of people who would not wrong an individual, would not take a postage stamp from one man, but will take every advantage of groups, whether those groups are corporations, whether those groups are

municipalities, or whether those groups are state and national collection agencies—in the way of taxation. It takes higher morals, higher ethics, a finer discrimination to deal with the kind of problems that our age is presenting than it did twenty-five or thirty years ago.

Now then, *how well fortified are we to meet the demands of this age?* What can you expect when nations repudiate their debts? What can you expect when governments rewrite their contracts, written in terms of gold, and change them, overnight, to terms of current issue in the currency? What can you think of the morals of an individual when the breach of faith and of contract is practiced by the representatives of the highest governments of the world?

Now, that all comes down to the individual. And then in the post-war period of national programs, emergency relief, emergency work—all of these alphabetical activities of government—however essential they may have been in the stress of an hour of a nation's need, we deplore them, not because they cost us billions of dollars in money. That is the least of their cost!

The most serious problem entering into these alphabetical activities of government is *the surrender of self-respect*, the loss of self-assurance, and the loss of those qualities that made men strong and vigorous and hard as they faced the problems of an earlier pioneering age.

What can you expect of the rank and file of people who say: "Well, why worry about a home? The government will build me one. Why worry about that mortgage? The government will rewrite it. Why worry about this thing or that thing? The government will finance it. Why worry about the savings account or life insurance? The government is going to give it to me in national security?"

Don't you see that all of these things are undermining that moral stamina and that ethical rectitude and that spiritualization, the dominant features of American history, the dominant features of Anglo-Saxon life in every Anglo-Saxon country in the world? We are in peril of surrendering those things, today.

You men, as the granters of credit, you people who are meeting the challenge of the age, must reckon with the moral attitudes that are being trained and schooled, in home and college. You must do away with that old philosophy that says: "What is mine is my own, and what is yours is mine, if I can get it," and ring the dominant note of personal responsibility and of moral uprightness and rectitude.

"In credit granting, as you well know, the character of the individual often counts for more than his capital. And the moral attitudes of the age in which we are living are serious when you come to analyze them."

So, as I look out over the times in which we live, I see all of these drastic and tragic changes. I hear the challenge of these times ringing in the ears of those who have ears to hear; the flash of an "Onward, Forward, March, Advance," being given to those who have eyes to see.

I am not fearful about the tomorrow. I am not one of those who believe that the ages of yesterday are better than today, or that today is better than tomorrow will be. I look into the flux and the melting pot of present issues, whether they are national or economic, and believe that out of that flux and the melting pot will come some of the pure gold whose values will be permanent, despite the recognition and revaluations made on them by men.

I believe you people are going forward in the reconstruction of this credit work; that you are rewriting a new story of social adjustment, and that the financial values entering into that story are going to be balanced with the moral stamina and character that you, as individuals, exemplify, and that your Association has stood so nobly for throughout the years.

I congratulate you on the twenty-five years of your history. I am glad to see you back in this city, this friendly old city of Spokane, to celebrate the Silver Anniversary.

Credit Control - -

(Continued from page 13.)

methods of credit selling, so in vogue to obtain higher volumes.

Fifth—Collecting the Account—and here is where all previous preparedness reaps its reward. The account properly investigated and opened is very likely to require no collection effort. Where accounts remain unpaid too long or mount too high, they should receive positive and constant attention.

Very often a re-check or reciprocal report will give the tip-off. Just as the credit report is necessary in opening the account, so is the re-check essential to intelligent handling of a delinquent account. An able aid is the "Reciprocal Report," furnished when clearance has been made for additional credit with other credit granters. As soon as an account appears doubtful, and sooner than has been customary, it should receive special collection effort even to the final action in court.

Sixth—Profit and Loss: We cannot lose too much on our accounts, neither can we lose too little. Local conditions and individual store policies are the measures of our proper loss ratios. If total volume has been satisfactorily increased through lowering the requirements for opening an account or through a liberal collection policy, we must naturally expect, and usually experience, an increased loss ratio.

Permit me to briefly summarize my thoughts on this most important topic, "Credit Control." Obtain credit applications in a complete and detailed manner, and then check your report in full through the local credit bureau. Place a proper limit on the account, and either enforce or change that limit.

Have a mutual understanding of terms with the customer at the outset. Handle the account with decision and firmness, always endeavoring to make collections in an amicable manner, retaining the good will of the customer. Gauge your loss ratio by your volume and other results. Look far enough ahead to anticipate changing economic and financial circumstances which will affect your credits.

Research Studies Available to Members

Copies of the following studies conducted by the Research Division of the National Retail Credit Association are available (on application)—free of charge, except No. 18A—to members only:

- 1—"Accounts in the Hands of Attorneys."
- 4—"An Analysis of Installment Terms of Department Stores."
- 5—"Billing Customers for Sales Tax."
- 6—"Bonus Plans for Bookkeepers, Clerks, etc."
- 7—"Down Payment Terms on Furs and Coats."
- 8—"Effects of Horse Racing on Retail Credit Business."
- 9—"Experiences of Men's Clothing Stores with Installment Credit."
- 10—"Judgment Laws in Various States."
- 11—"Laws Affecting the Handling, Selling or Collecting of Installment Sales."
- 12—"Lay-Away Merchandise."
- 13—"Methods and Topics for Open Forum Meetings."
- 14—"Method of Reviving Inactive Accounts Through Use of Blank Statements."
- 15—"Relation of Charge Sales to Total Sales."
- 16—"Relation of Credit Office Salaries to Credit Sales and Total Sales."
- 17—"Transportation Charges on Goods Shipped Out of City."
- 18A—"Community Credit Policies." (Revised.) Price, \$1.75.
- 19—"Costs of Operating Credit Department." (In Preparation)
- 21—"Age Analysis Percentages."
- 22—"Credit Policies of Department Stores Pertaining to Employees' Accounts."
- 23—"Draw-Back Systems."
- 24—"Credit Terms in Agricultural Sections."
- 25—"Service Charges for Cashing Checks in Department Stores."
- 26—"Returned Goods Analysis."
- 27—"Methods of Paying Small Out-of-Town Invoices."
- 28—"Forms for Acknowledging New Accounts."
- 29—"Association Collection Letters."
- 30—"Ten Weekly Pay Plan in Men's Wear Stores."
- 31—"The Transferring of C.O.D. and Will Call Items to Credit Office Accounts Receivable."
- 32—"An Analysis of the Systems Used for Auditing and Billing Charge Sales and Cash Receipts."

Order by Number From:

RESEARCH DIVISION
National Retail Credit Ass'n
1218 Olive Street St. Louis, Missouri

Credit News Flashes--

Personal and Otherwise

The Silver Jubilee Club

The following are the officers and directors of the Silver Jubilee Club for the first year:

President, A. B. Buckeridge, Credit Bureau of Greater New York, Inc., New York City; First Vice-President, G. A. Marbach, City Water Board, San Antonio, Texas; Second Vice-President, John K. Althaus, Associated Retail Credit Men, Inc., Washington, D. C.; and Secretary-Treasurer, M. B. Silverson, The Landres Company, Inc., Memphis, Tenn.

Directors-at-Large: J. W. Mehling, Retail Merchants Credit Bureau, Baltimore, Md.; Sidney Marks, The Vogue, Chattanooga, Tenn.; W. J. Bryan, St. Joseph Retail Credit Men's Association, St. Joseph, Mo.; Stanley Kemp, New Orleans Public Service, Inc., New Orleans, La.; L. S. Gilbert, Credit Service Exchange, Atlanta, Ga.; F. R. Larrabee, Ball Stores, Inc., Muncie, Ind.; Walter A. Jensen, Spokane Credit Men's Rating Bureau, Spokane, Wash.; and W. V. Beddow, Bromberg & Co., Birmingham, Ala.

Directors: George B. Allan, Credit Bureau, Inc., Springfield, Mass.; W. A. Atkinson, W. L. Hurley Co., Camden, N. J.; M. J. Heinberg, Merchants Credit Bureau, Pensacola, Fla.; W. Harvey King, Nashville Adjustment Bureau, Nashville, Tenn.; V. H. Lodde, Mansfield Credit Rating Bureau, Mansfield, Ohio; Charles Lampland, Lampland Lumber Co., St. Paul, Minn.; Ira D. Bloom, Stix, Baer & Fuller, St. Louis, Mo.; Dwight Straughan, San Antonio Buick Company, San Antonio, Texas; Wm. A. Perkes, Associated Retail Credit Men, Salt Lake City, Utah; H. O. Schultz, Calgary Retail Credit Grantors' Bureau, Calgary, Alta., Canada; M. W. Amador, The Boston Store, Phoenix, Ariz.; L. L. Cook, The Credit Bureau, Inc., Elkins, W. Va.; and George Nixon, Indiana General Service Company, Muncie, Ind.

President Buckeridge will communicate with all officers, directors and members regarding plans for the next annual meeting at the Pittsburgh convention.

Seattle Elects

At their regular annual meeting June 28 the Associated Retail Credit Managers of Seattle elected the following officers for the ensuing year: President, Frank S. Osen, McKales, Inc.; Vice-President, Barton M. Shepard, Grote Rankin Co.; Treasurer, Paul Stedman, Rhodes Department Store; and Secretary, J. T. Powell, Klopstein's.

Death of Robert Adams

Robert Adams, Treasurer of William Taylor Son & Co., Cleveland, passed away July 17 after a long illness. Over 70 years of age, he had been with the store about 40 years. He joined Taylor's as Credit Manager, later becoming Controller and eventually Treasurer.

He was one of the founders, and the first president, of the Cleveland Retail Credit Men's Company. In the early days of the National Association he was very active in National affairs. He was probably the first to go on record in favor of adding carrying charges on past-due accounts, which he advocated as a war-time measure in

the course of an address before our Boston Convention in 1918.

The Nashville Retail Credit Association held its annual outing July 22.

Edgar I. Amthor of L. Bamberger & Co., Newark, N. J., was the winner of the first member award in the annual golf tournament of the Retail Credit Association of New Jersey, Inc., July 17.

Philadelphia's Election

At the annual meeting of the "Philadelphia Chapter—National Retail Credit Association" June 22, Charles R.



Charles R. Ross

Ross, Credit Sales Manager of the Philadelphia Coke Company and father of President Ross of the National Association, was elected President. A. N. Hamilton, Credit Sales Manager of Lit Brothers, was elected Honorary President, and Louis S. Grigsby, Managing Director of the Philadelphia Credit Bureau, Executive Vice-President.

On August 14, the Forty-First Anniversary Staff Frolic and Birthday Dance will be held by the Association and the new officers will be publicly installed on this occasion. At the same time the Philadelphia Credit Bureau will hold "Open House" for its members.

"Philadelphia is definitely going forward," writes Mr. Grigsby. At the same time, he challenges the country



Louis S. Grigsby

with the statement that Philadelphia will show the largest National membership gain for the year 1937!

(Continued on page 29.)



The Future of Credit Women's Breakfast Clubs

By MISS ETHEL M. DOPP*

Credit Manager, R. J. Martin & Co., Spokane, Wash.; Past President, Pacific Northwest Council of Credit Women's Clubs

THE object of the Credit Women's Breakfast Club is to promote the interest of women in their profession, and, in particular: To further the education of its members in the methods, practices and procedure of credit; to promote good will, fellowship and a better understanding among its members by personal contact and acquaintance.

Through the acquisition of the other fellow's viewpoint, by personal contact, there has developed a spirit of enthusiasm that goes to build up fair competition and an unselfish urge to help the other fellow solve his problem. The encouraging of this spirit throughout our clubs has reaped countless beneficial results.

The first credit women's breakfast club was organized in Portland, Oregon, April 30, 1930, by Mrs. Edith Shaw Johnson, then employed by the Credit Reporting Company of that city.

In May, 1934, delegates from the five credit women's breakfast clubs in the Tenth District gathered at a meeting held the Sunday before the opening of the Retail Credit Conference in Tacoma, Washington, to form the Pacific Northwest Council of Credit Women's Breakfast Clubs. Miss Avadana Cochran, manager of the Kitsap County Credit Bureau of Bremerton, Washington, was elected as our first president. Those of you who were fortunate enough to have been able to attend the convention in Omaha last June, will remember the inspirational address delivered by Miss Cochran on the subject of "Breakfast Clubs."

At the second annual meeting of the Pacific Northwest Council of Credit Women's Breakfast Clubs held in Seattle, Washington, May 12, 1935, approximately 200 representatives from the nine clubs then in existence met, and it was at this meeting that a definite educational program along the line of credit procedure was formulated. One of the requisites of membership in the Pacific Northwest Council of Credit Women's Breakfast Clubs is that the member clubs take up the educational program, as outlined each year, which begins with the most elementary steps of credit granting and credit reporting.

The third annual meeting of the Council was held in

Victoria, B. C., May 19, 1936, with an increased attendance of representatives from our twelve clubs.

The Council immediately after its formation took steps to organize clubs throughout the thirteen districts comprising the National Retail Credit Association, with the ultimate objective of perfecting an international organiza-



First officers of the Credit Women's Breakfast Clubs of North America. (Left to right: Mrs. Louis McJfee, Portland, Ore., Recording Secretary; Mrs. Jean Goldsmith, Atlanta, Ga., Treasurer; Mrs. Catherine Bartlett, Cleveland, Second Vice-President; and Miss Avadana Cochran, Bremerton, Wash., President. Miss Marion O. Brooks, Baton Rouge, La., First Vice-President, and Miss Ruth Ross, Oklahoma City, Okla., Financial Secretary, are not shown.)

tion of our clubs. We enlisted the efforts of the clubs as they were organized in each district and they have responded generously. Miss Marion Brooks of Baton Rouge, La., has done much to further interest in this movement in the Third and Fourth Districts, and at a meeting of these two districts held in Atlanta, Georgia, February 21, 1937, a Dixie Council of Credit Women's Clubs was organized. There are ten clubs within the "Dixie Council."

At the fourth meeting of the Pacific Northwest Council of Credit Women's Breakfast Clubs held June 15, 1937, there were representatives from the sixteen clubs in our district, together with delegates from the Eastern and Southern clubs, with a total attendance of 230, who gathered in Spokane, Washington, to celebrate the twenty-fifth anniversary of the National Retail Credit Association.

It has long been the dream of the "Breakfast Clubbers" of the Northwest that the nationalizing of our clubs would take place in the Northwest, the birthplace of the National Retail Credit Association and, during this convention, our dream has been brought into realization and the thirteen districts have been banded together into what

*An address before the Silver Anniversary Convention, N. R. C. A., Spokane, Wash., June 15-18, 1937.

is known as the Credit Women's Breakfast Clubs of North America—a division of the National Retail Credit Association.

This fulfillment of our hopes, in the banding together of our clubs into one body, is not the most distinctive accomplishment of this meeting, nor the joy longest to be remembered, but rather the pleasure enjoyed in meeting our members from our sister clubs from the North, South, East and West, and the realization that through this contact there has been established a spirit of good will and friendliness that will span the distances between us in miles, for all time to come.

There are 61 of our clubs throughout the United States and Canada with a total membership of approximately 2,900. The Pacific Northwest Council of Credit Women's Breakfast Clubs, which comprises sixteen clubs in District Ten, has a total membership of 780 and with the continued support of the National Retail Credit Association and the credit executives throughout the country, together with recognition as an international organization, a marked increase in the number of our clubs is expected this coming year.

Our progress has been slow, but we are building cautiously a foundation to insure a permanent structure and when our organizing program is complete, we hope to have a club in every city represented by the National Retail Credit Association. There will be a Council in every one of the thirteen districts and they will hold their annual meetings and they will also send their delegates to the National Conventions each year to take advantage of discussions for the future progress of our clubs and the development of retail credit activities.

Much of the responsibility of the future credit struc-

ture of our country depends on our people who grant credit and we must concede that the higher standards of credit granting can only be maintained through the education of those persons handling credits. Then why not take advantage of all available opportunities to insure this responsibility which is ours?

It has been brought to us very clearly that the improvement in the mode of living can be assured only in so far as the purchaser keeps within his ability to pay. Is it not also reasonable to assume that the more persons you keep "credit minded," the more incentive there will be upon the part of the purchaser to build for himself a good credit reputation in his community.

We all know there was a time when the merchant was hesitant about giving information regarding his customers to others but he has come to the realization that he must cultivate a cooperative spirit to prevent the buyer from bringing disaster upon himself, as well as to protect his own interests. The fruits of the little group of credit men representing some twelve cities, who gathered in Spokane twenty-five years ago, have been evidenced in abundance.

They have played an important part in the building of the basis of our economic structure through sound credit granting. This has all been done through the sponsoring of a cooperative educational program, brought to the credit granter through his affiliation with the National Retail Credit Association, and there are, relatively, but few today dealing in credits who do not appreciate the importance of this affiliation.

With the ever increasing demand for credit, it necessitates a keener and wider knowledge of credit granting in order to direct the buying public into a safer channel



Breakfast in honor of the visiting Credit Women, June 16, given by the Spokane Credit Women's Breakfast Club.

so as to avoid future pitfalls. This knowledge must be acquired not only by the credit manager of the firm, but by each and every one employed in the credit department, in order to give efficient service.

Knowing, too well, that the credit manager does not have the available time to carry on an educational program for his credit assistants to keep them informed of the changes in credit conditions, the Credit Women's Breakfast Clubs are undertaking this task. We do, in no way, however, hope to duplicate the work done by the Credit Associations. Ours is an educational program for credit assistants.

We have not begun to realize the possibilities of such an organization as ours, any more than did the few men who built the foundation twenty-five years ago of an organization which has, without a doubt, proved to be a guardian angel to the retail merchants—the National Retail Credit Association.

The Credit Women's Breakfast Club is not a potentiality, but a permanent institution organized to perpetuate the ideals created and fostered by the National Retail Credit Association, and one of the future's most outstanding business women's organizations. Twenty-five years from now, those of you who have helped sponsor the Breakfast Club movement will look back with pride and gratification, realizing that you had a part to play in the creating of such a worth-while organization.

A pamphlet entitled "How to Organize a Breakfast Club" and "How to Be a Good Breakfast Clubber" will be sent to anyone interested in organizing a club. Address Miss Avadana Cochran, Kitsap County Credit Bureau, Bremerton, Washington.

* * * * *

Resolution Commending the Credit Women's Breakfast Clubs of North America

WHEREAS: It has come about that there has been organized the Credit Women's Breakfast Clubs of North America and further,

WHEREAS: It is the desire of the Credit Women's Breakfast Clubs of North America to be recognized officially as an affiliate of the National Retail Credit Association, and

WHEREAS: The purposes and objectives of this most worthy organization have been:

1. To develop a closer contact among credit women.
2. To maintain a friendly relationship between credit departments of the various firms represented and the local credit bureau.
3. To stimulate education in the practice and procedure of Credits.
4. To foster the aims and ideals of the National Retail Credit Association and, further,

WHEREAS: The assistance rendered by the various breakfast clubs throughout the nation prior to the completion of their organization at Spokane, has been infinitely significant in encouraging and inducing credit men and women from all sections of the continent to attend the Spokane Convention, and

WHEREAS: It is admitted and recognized by all in attendance at this convention that the Credit Women's Breakfast Clubs have added most significantly to the effectiveness and cultural atmosphere of the sessions of this convention at Spokane and

WHEREAS: The evidence is conclusive that the Credit Women's Breakfast Clubs are necessary to the further development of credit education and credit association influence and economic effectiveness,

NOW, THEREFORE: Be it resolved that the National Retail Credit Association, in convention assembled at Spokane, Washington, June 15 to 18, 1937, authoritatively and officially endorse the affiliation of the Credit Women's Breakfast Clubs of North America as a division of the National Retail Credit Association subject to the constitution and by-laws thereof, effective as of this date, and further,

BE IT RESOLVED: That this association convey officially to the Secretary of the Credit Women's Breakfast Clubs of North America a copy of these resolutions which shall be accepted as official recognition of affiliation as desired by the Credit Women's Breakfast Clubs of North America and further,

BE IT RESOLVED: That the sentiment of the delegates of this convention—most favorable and appreciative of the efforts and accomplishments of the Credit Women's Breakfast Clubs of North America—be expressed to the officers and members of that organization, and further,

BE IT RESOLVED: That the National Retail Credit Association in all branches of its activities shall lend its co-operation and active assistance to the Credit Women's Breakfast Clubs of North America in the attainment of its ambitions, in the development of additional units to its organization, in obtaining a broader membership and in realizing the accomplishment of its lofty ideals and objectives.

Customers prefer Coupon Books *because they save Shopping Time*



Every coupon on Allison's watermarked paper for your protection.

It is not necessary to keep customers waiting while you "keep books" on each item of soft merchandise sold on installments—USE ALLISON'S MERCHANDISE COUPON BOOKS and you will not only eliminate a lot of detail work but you will handle this class of trade with the same speed and efficiency as cash customers.

*Complete information cheerfully furnished.
Write today.*

ALLISON COUPON COMPANY
Factory and Executive Offices, INDIANAPOLIS, INDIANA

Credit News Flashes

(Continued from page 25.)

Passing of Julius L. Meier

Julius L. Meier, for many years Vice-President and General Manager of the Meier & Frank Company, Portland, Ore., died July 14 at his country home on the Columbia Highway near Portland. He was a former governor of the state of Oregon and active in all civic affairs of both his city and state.

During the World War he was a leader in the Liberty Loan Drive and was Northwest Regional Director of the Council of National Defense. After the War he was active in rehabilitation work in the devastated areas in France.

* * *

Mrs. Ruth Wright Retires to Marry

Mrs. Ruth Wright, for a number of years Secretary-Treasurer and Manager of the Ottawa Credit Exchange, Ltd., Ottawa, Canada, resigned her position in June to get married. The Board of Directors, at the time of her resignation, presented her with a handsome silver tea service and a substantial check. In further tribute, Mrs. Wright was presented with an illuminated address expressing the appreciation of the directors "for the successful manner in which you have carried on the affairs of the company."

F. A. Matatall, formerly Treasurer of Charles Ogilvy, Ltd., succeeds Mrs. Wright as Secretary-Treasurer and Manager of the Ottawa Credit Exchange.

* * *

Robert T. Baxter of the San Francisco-Oakland Associations, personally signed up 68 new members for Oakland and 73 for San Francisco—a total of 141—the largest number signed up by any individual in the fiscal year just closed.

* * *

St. Louis' Rules on August Fur Sales

"Liberal terms," "special installment terms," "unusually small down payments," and similar phrases are prohibited in advertising the August sale of fur coats (and cloth coats) according to an agreement adopted at a meeting of credit managers of member stores of the Associated Retailers of St. Louis, it was announced by Aug. J. Kruse, Secretary.

"Advertising of deferred payment accounts must not quote any specific down payment or percentage down payment, nor any quotation as to the length of time allowed in paying for the merchandise. Only the following expressions shall be used: 'budget terms,' 'convenient terms,' and 'deferred payment plan.'"

"Terms are to be made by the credit department (of the store) and not on the sales floor.

"A carrying charge of not less than 6 per cent per annum or 1/2 of 1 per cent a month will be made. Furs and coats will not be sold on the deferred payment plan with less than 10 per cent down, plus the carrying charge and sales tax with the initial payment.

"Charts or other announcements showing initial payment carrying charges, monthly payment and length of time the contract is to run shall not be used in connection with advertisements covering the August fur and cloth coat sales, nor will such charts or announcements in connection with other departments be used on the same page with fur and coat advertisements."

Results of this move will be watched and published in a later issue.

AUGUST, 1937



Letters That Cross The Editor's Desk

At our Thursday luncheon (July 22) the Dallas Retail Credit Men's Association passed a unanimous resolution to cooperate with the National Association in its recommendation of standard terms for the maintenance of sound business principles. I think this is one of the best moves that our Association has ever made.

It is something of a constructive nature and will lead to the curtailment, and possibly the cure, of this now great national evil. We are endeavoring to secure as much publicity as possible on this movement and I think every organization in the United States should be urged to do the same.—C. A. CALDWELL, *President*, Dallas Retail Credit Men's Association, Dallas, Texas.

* * *

Heartiest congratulations on a first-grade Convention of retail credit executives. It was a grand show, fine program, and very much worth while.—LOUIS S. GRIGSBY, *Managing Director*, Philadelphia Credit Bureau, Philadelphia, Pa.

* * *

It was with real pleasure that I noticed in the July CREDIT WORLD that the next N. R. C. A. Convention will be held in the East because to credit men, I believe, these National Conventions are equivalent to four years in college.—W. E. GREENWOOD, *Manager of Credit Sales*, Pomeroy's, Pottsville, Pa.

* * *

Might I mention that I have seen some very good examples of letters appearing in The CREDIT WORLD during the past few months and believe this particular phase of the magazine has been very helpful to a great many credit men in planning the type of letters they should use on their accounts.—D. ASHBY, *Credit Manager*, M. L. Parker Co., Davenport, Ia.

* * *

May the "long-distance champ" congratulate you on a splendid Silver Anniversary Convention? Although a fairly recent member, I have attended two District Conferences but this is my first "National" and I so thoroughly enjoyed it that I felt I must write you. I hope to continue attendance and am looking forward to Pittsburgh in 1938.—MRS. O. M. PROCTOR, *Manager of Credit Sales*, George W. Pickering Coal Co., Salem, Mass.

* * *

Positions Wanted

CREDIT MANAGER—18 years' experience in wholesale, retail and chain stores. Also thoroughly competent in auditing and office management. Age 45. Address Box 82, CREDIT WORLD.

* * *

CREDIT MANAGER—Desires change to larger organization. Age 33. Nine years' experience as department store credit manager and supervisor of accounting department, Thoroughly familiar with modern methods of handling retail credits. Address Box 81, CREDIT WORLD.

* * *

CREDIT MANAGER—College-trained man, age 28. Have managed office with large personnel for over two years. Good references furnished. Address Box 83, CREDIT WORLD.

High-Lights of the Annual Reports

(For the Fiscal Year Ended May 31, 1937)

Report of the President

During the year, it was my pleasure to attend a meeting of the Finance Committee in St. Louis—the entire committee being present. The budget which had been prepared was found to be working satisfactorily with the income increasing and the disbursements balancing as per the budget estimates.

Contact has been maintained with the heads of the N. R. C. A. districts, and it is a pleasure to report all districts working smoothly and efficiently. A word of commendation should be given to all our committee chairmen and their committees for the efficient manner in which they have carried on their work.

Mr. J. Gordon Ross, First Vice-President, and Mr. F. G. Clegg, Second Vice-President, have worked untiringly, and I am sure that the Association will be in exceedingly capable hands during the next two years.

The office in St. Louis has been most efficiently handled under the management of our most capable General Manager-Treasurer, Mr. L. S. Crowder. New equipment has been added where needed—these purchases having been made at a large saving to the Association. Furthermore, our General Manager-Treasurer has covered almost the entire nation contacting bureaus and associations with very fine results to the National.

Our membership has shown a substantial increase, and our finances are sound. It is a pleasure to report these two facts to you.

It has been a real privilege to serve our Association, and I sincerely hope that in my small way I have added something to the success and the continuance of the National Retail Credit Association. It is my hope that we, as an association, can continue to merit the support and good will of all business and that we may further our aim of better credit granting.

Respectfully submitted,
E. K. BARNES, President.

June 7, 1937.

From the General Manager-Treasurer's Report

FINANCES

The financial condition of the Association is excellent, with cash on hand and in bank of \$11,181.52, an increase of \$3,730.17 over last year. Deposits with the following—President Barnes, \$100.00; Chairman Morgan of the Legislative Committee, \$100.00; and American Airlines, \$153.04; totaling \$353.04—gave us the equivalent of \$11,534.56 on hand.

MEMBERSHIP

New applications for the year numbered 3,015, compared to 2,784 last year. Membership at the close of the year was 14,019 compared to 12,870 a year ago, a net increase of 1,149. Cancellations, including 146 credit bureaus, totaled 1,866, an excess over a year ago of 398. This was largely the result of the cancellation of 246 subscriptions (\$2.00 per year).

Most of these were accepted in 1930 and 1931 and in fairness to other members and to comply with our Constitution and By-Laws, the secretaries in the respective

cities were requested to make an effort to procure applications for regular membership.

PERSONAL CONTACTS

During the year just closed, I was in the field slightly more than three and one-half months, having visited 59 cities in 18 states and Ottawa, Canada. Approximately 4,607 retailers and members and 3,375 high and normal school students were addressed by me. In addition to this, I made numerous calls while in the respective cities.

Respectfully submitted,
L. S. CROWDER,
General Manager-Treasurer.

June 7, 1937.

From the Report of the Secretary and Research Director

The monthly collections and credit sales trends as well as the actual collection figures which appear every thirty days in *The CREDIT WORLD* are still a recognized barometer of retail credit business throughout the United States and Canada. During the past year we have added total sales figures to our trends.

We have continued the policy of sending 425 advance newspaper releases every thirty days to 220 cities in all parts of the country. At the same time, a release is given to the Associated Press, United Press and International News Service, which in turn is sent to all of the metropolitan newspapers in the United States. From the newspaper clippings received at our National Office we know that these monthly figures are being published in the majority of the larger newspapers from coast to coast.

Your Research Division has conducted many special studies at the request of members. A special study on credit plans in men's wear stores was made by the Research Division and reported in *Men's Wear* of November, 1936. We have also added additional data and information to studies which were completed during 1934 and 1935. Several new studies are now available.

In May, the Research Division completed the revision of Study No. 18 entitled "Community Credit Policies." This study is a 92 page booklet showing how community credit policies and carrying charge plans are operating in 33 cities. This up-to-date study is valuable to all cities contemplating the adoption of a community credit policy as well as those that now have one in operation.

The plan of selling all types of merchandise on deferred payments is still an important factor in the trend of retail credit. This subject has been discussed at all of our District meetings during the past year. Your Research Division will continue to watch this far-reaching and important trend and will report to you through the pages of *The CREDIT WORLD* or by special study, new developments, from time to time.

The Educational Course will be revised during the coming year. A complete report on this important service will be given at the convention by the Educational Committee.

Respectfully submitted,
ARTHUR H. HERT,
Secretary and Research Director.

June 3, 1937.

Report of the Finance Committee (In Full)

Your Finance Committee appointed by President Barnes for the fiscal year ended May 31, 1937, met immediately following the Convention at the Hotel Fontenelle, Omaha, Nebraska, on June 19, 1936.

Members present were: H. J. Burris, B. F. Collins and J. G. Ost, with President Barnes and General Manager-Treasurer Crowder sitting in as members *ex officio*.

With the experience of the previous fiscal year and based on information furnished the Committee and guided by the advice and recommendations of President Barnes and General Manager-Treasurer Crowder, a budget was adopted providing for all of the activities of the Association for the fiscal year, and approved by your Board of Directors.

With a greater interest in the National Association and anticipating a greater increase in membership for the coming year, which was based on a continued improvement in retail business as well as economic conditions, your Committee adopted a budget for the fiscal year somewhat in excess of the figures for the previous year.

The budget adopted for the year anticipated receipts of \$69,500.00, whereas actual receipts were \$69,808.00 or \$308.00 more than budgeted. Expenditures were budgeted at \$67,500.00, whereas actual expenditures were \$66,444.00 or \$1,056.00 less than the amount budgeted. Practically all of the expenditures for the various accounts, with the exception of legal, taxes, and furniture and equipment were within the appropriation set for the accounts. The excess expenditure in connection with the legal account was occasioned by the suit of Hartnett Inspection Service, Inc., Los Angeles, (1937); legal fees and expenses paid in connection with the case amounted to \$1,011.28.

The tax account expenditure exceeded the amount appropriated for the reason that no provisions were made for taxes under the Social Security Act, due to the fact that regular payroll personnel numbered only seven. However, it was ruled that non-salaried officers should also have been included in arriving at the number of employees.

The Furniture and Fixtures expenditures also exceeded the appropriation for the reason that it was necessary to procure additional office equipment; however, purchases in excess of the budget were not made until it was apparent we would have no difficulty closing the year with a balance on hand at least equal to the amount budgeted. Payment for part of this equipment was made through the sale of advertising in *The CREDIT WORLD*.

There is no unpaid indebtedness, and the financial position throughout the entire year was such that all current indebtedness was paid in the month that it was incurred. We report that as of May 31, 1937, there is on hand and on deposit in the bank, cash in the amount of \$11,181.52, against \$7,451.35 at the close of the previous fiscal year—an increase of \$3,730.17.

Your Committee has kept in close touch with the financial operations of the Association throughout the year. A meeting of the Finance Committee was held in St. Louis on Sunday, January 17, 1937, with all of the members present, together with President Barnes and General Manager-Treasurer Crowder. The operations of the Association for the year were reviewed and the office detail, billing, accounting, etc., appeared to be in excellent condition. All work was reported up to date.

In addition to following the operations of the Association closely each month by careful review of the monthly

reports submitted by the General Manager-Treasurer, together with correspondence with the office at various times, your Committee authorized the employment of S. D. Leidesdorf & Company, certified public accountants, to conduct a semi-annual cash audit of the Receipts & Disbursements. The report of the audit which was made on November 30, 1936, was submitted to the Committee.

The excellent results obtained in the operations of the Association during the past year, reflected primarily in the splendid cash position of the Association at the close of the year, are in no small measure due to the wise counsel of President Barnes, together with the splendid cooperation of General Manager-Treasurer Crowder, and adhering strictly to the budget as outlined for the year.

Mr. Crowder's knowledge and keen insight in matters pertaining to the Association have been of great benefit to your Committee. The Committee desires to express its appreciation and thanks to the officers, directors, and members for the hearty support and cooperation accorded it, and feels that with the continued cooperation of the entire organization, our Association will go forward to greater heights.

Respectfully submitted,
H. J. BURRIS,
B. F. COLLINS,
J. G. OST, *Chairman*.

June 7, 1937.

The Barometer of Retail Business

(Continued from page 11.)

a decrease of 3.0 per cent in collections during June. (During June last year the bonus money was in circulation.)

A general improvement in business conditions was noted in *Canada*. Collections, however, were only fair in *Victoria, B. C.*, due to strikes on the ferry boats having a retarding effect on business.

Wholesalers' Resolution on Installment Selling

The National Association of Credit Men in convention assembled at Chicago June 21-24, 1937, fully recognizes that installment selling has played a conspicuous and important part in aiding and stimulating business recovery and that there has been a rapid increase in the volume of business transacted on that basis.

While it is *not* believed that this volume has *thus far* assumed unhealthy or dangerous proportions, this Convention feels that it is of the utmost importance to emphasize the necessity of exercising great care and caution to the end that the soundness of our credit may be maintained.

We recognize a distinct danger of the destruction of sound credit principles, *that would result from excessively long terms of payment, insufficient down payments or other forms of injudicious and loose extension of credit.*

Therefore this Convention strongly urges upon our entire membership that utmost vigilance be exercised; that serious consideration be given to an examination and study of present installment sales terms and methods *to the end that sound credit principles and control may be maintained in installment selling and that abuses may be prevented or eliminated.*

Charter Members at Convention

(In our July issue we inadvertently omitted the names of George Fairley and S. L. Gilfillan from the item below. We apologize to both for this omission and republish the item in its correct form.—D. J. H.)

Shown below are charter members photographed at the Spokane Convention. Left to right (seated) they are: W. G. Ramage, Spokane; Fred T. Leonard, Denver; Lee S. Libbey, Spokane; Wm. J. Starr, Boston; Vilas Tooke, Spokane. Standing: H. L. Kingsland, Spokane; C. W. Hurley, Houston; Thomas H. Jones, Hollywood, Calif.; George Fairley, Duluth, Minn.; and S. L. Gilfillan, Minneapolis, Minn. Others in attendance were M. Green, Guy Hebbard, A. A. Lewis, and A. W. Lindsay, all of Spokane.



Advertising Man Wanted--

for ready-to-wear store selling merchandise on credit. Experience in credit advertising preferred. Salary \$55 per week. Apply, giving complete details, by letter to Box 84, CREDIT WORLD.

Special Warning!

Hon. M. M. Neely, U. S. Senator from West Virginia, has notified our Philadelphia Association that he will not, in any circumstances, pay in whole or in part any bill incurred by one John G. Neely, a young man past twenty-three years of age.

He alleges that the young man in question has successfully used stationery similar to that of the Committee on Rules of the United States Senate in obtaining credit in New York, Washington, Pittsburgh, Chicago and a number of other cities. "When last heard from," he states, "he was at Long Beach, California."

"Gold" Emblem Stickers

For Your Letters and Statements

Printed in royal blue on special "gold" gummed paper. Actual size is shown by dotted lines. Price, \$2.00 per thousand, postpaid.

NATIONAL RETAIL
CREDIT ASSOCIATION

1218 Olive St.

St. Louis, Mo.

MEMBER



National Retail
Credit
Association

New Book on "Community Credit Policies" Now Ready for Distribution

This is a 92-page compilation showing how community credit policies and carrying charge plans are operating in 33 cities. It is a revision of our Research Division's Study No. 18 by the same name published in 1935.

Up-to-date material is included and nine new cities have been added. The Study shows: (1) community credit policies now in operation; (2) carrying charge agreements; (3) illustrations of inserts, letters and announcements regarding the plans; (4) schedules of standardized terms; and (5) the results of the policies and agreements. A community credit policy for furniture dealers is also included.

This booklet is invaluable to all cities as well as individuals contemplating the adoption of such policies and agreements.

Prices: to members, \$1.75
(to non-members, \$2.75)

National Retail Credit Association
1218 Olive St. St. Louis, Mo.

How to Win Friends and Influence People

By DALE CARNEGIE

A Nation-Wide Best Seller
A Week After Publication!

Some of the Chapter Headings:

The Big Secret of Dealing with People
Six Ways to Make People Like You Instantly
An Easy Way to Become a Good Conversationist
A Simple Way to Make a Good First Impression
How to Interest People
Twelve Ways to Win People to Your Way of Thinking
A Sure Way of Making Enemies—and How to Avoid It
The Safety Valve in Handling Complaints
How to Get Cooperation
A Formula That Will Work Wonders for You
The Movies Do It. Radio Does It. Why Don't You Do It?
Nine Ways to Change People Without Giving Offense or Arousing Resentment
How to Criticize—and Not Be Hated for It
How to Spur Men on to Success
Making People Glad to Do What You Want
Letters That Produced Miraculous Results
Seven Rules for Making Home Life Happier

Price \$1.96

National Retail Credit Association
1218 Olive St. St. Louis, Mo.

Now--New "Standard" Collection Stickers

"O.K."—

—when you say, "Charge It"—
is a mark of trust—confidence
that you will pay promptly.

This account is overdue. Remit
now, please, and—

Keep Your Credit "O.K."

National
Retail



Credit
Association

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N.R.C.A.

This new series of "Standard"
collection stickers combines all the
good points of the old series,
which members used to the extent
of a million a year, with
newness:

New copy, new layout, new
color in the gummed paper.

Five in the series, exact size as
shown by dotted lines (upper half
of this page). Attractively printed
in contrasting color on buff-colored
gummed paper.

Inoffensive—Inexpensive!

Prices, 1,000 of any one sticker.
\$2.00; 1,000 assorted, \$2.50; 500 as-
sorted, \$1.50.

Don't Break the Magic Circle!

Credit is the magic circle of
business. When you pay your
creditors—they can pay theirs
and so on, around the circle,
until it comes back to you!

Credit Is Confidence—
Safeguard It!

National
Retail



Credit
Association

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N.R.C.A.

Treat Your Credit As a Sacred Trust!

Credit is faith—confidence in
your agreement to pay accord-
ing to terms.

Keep Faith With Your Credi-
tors and Justify Their Trust!

National
Retail



Credit
Association

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N.R.C.A.

Prompt Payment

—Is as necessary to the mer-
chant and professional man as
prompt service is to you!

You are their paymaster. Pay
according to agreement and

Protect Your Credit.

National
Retail



Credit
Association

© 1937

N.R.C.A.

Past Due

Don't let this past due account
mar your credit record. Pay it
now—and keep your credit rec-
ord clear!

Prompt Payments Build Good
Credit!

National
Retail



Credit
Association

© 1937

N.R.C.A.

"Good Credit—

is worth more than all the
gold mines in the world,"
said Webster.

Prompt Payment Builds
Good Credit—"Worth
More Than Gold"

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N.R.C.A.

The "Gold" Series

An outstanding series—rich and
dignified looking: Printed in royal
blue, on special gold paper. Five
in series (shown on lower half of
this page). Actual size, 1 3/4" x 2".
(Dotted lines are not part of stick-
ers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your
Credit Bureau or—National Retail
Credit Association, 1218 Olive St.,
St. Louis.

Keep Your Credit As "Good As Gold"!

Prompt payment of accounts,
according to terms, will build
a priceless credit record—

"Worth More Than Gold"

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N.R.C.A.

A Friendly

Reminder!

As this account is overdue,
your remittance will be
greatly appreciated.

Prompt Payment Builds
Good Credit—"Worth
More Than Gold"

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N.R.C.A.

Now—Please?

We know how easy it is to
forget. Won't you send it
now—please—while you have
it in mind?

Prompt Payments Build
Good Credit—"Worth
More Than Gold"

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N.R.C.A.

Past Due!

Prompt payment of this ac-
count is necessary to protect
your credit record.

Safeguard Your Credit—
It's "Worth More Than
Gold"!

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N.R.C.A.

**You sell the
merchandise—**



**We'll help make
the sale**

PROFITABLE

We don't sell merchandise.

But we sell credit and service—and that's plenty!
It's a job that we have taken more than a quarter
century to develop to its present form.

In city after city, stores have found they can make
more money, with fewer headaches, by getting
some of their customers to use Morris Plan facilities.

Talk with an officer of your local Morris Plan insti-
tution and let him suggest the form of credit service
that best meets your particular needs.



MORRIS PLAN BANKERS ASSOCIATION

300 EAST MAIN STREET • RICHMOND, VIRGINIA

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